

# Cadent

## Your Gas Network

### Quadgas Finance plc

(incorporated with limited liability in England and Wales under registered number 10619488)

**£5,000,000,000**

### Secured Debt Issuance Programme

**unconditionally and irrevocably guaranteed by each Guarantor**

Under the Secured Debt Issuance Programme (the "**Programme**") described in this Prospectus (the "**Prospectus**"), Quadgas Finance plc (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer, the Guarantors, the Security Trustee and (i) in the case of MTN Notes, the Note Trustee and the relevant Dealer(s) (as defined below) or (ii) in the case of US PP Notes, the initial purchaser(s) of the US PP Notes (the "**US PP Note Purchaser(s)**"). Notes will upon issue be guaranteed (the "**Guarantee**") by Quadgas MidCo Limited ("**MidCo**") and Quadgas PledgeCo Limited ("**PledgeCo**") and together with MidCo, the "**Guarantors**". The aggregate principal amount of Notes outstanding will not at any time exceed £5,000,000,000 (or the equivalent in other currencies).

Application has been made to the Financial Conduct Authority (the "**U.K. Listing Authority**") under Part VI of the Financial Services and Markets Act 2000 ("**FSMA**") for Notes issued under the Programme for the period of 12 months from the date of this Prospectus to be admitted to the official list of the U.K. Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on either the London Stock Exchange's Regulated Market (the "**Market**") or on the London Stock Exchange's Professional Securities Market (the "**PSM**"). References in this Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted, as appropriate, to trading on the Market or the PSM and have been admitted to the Official List. The Market is a regulated market for the purposes of Directive 2014/65/EU, (as amended "**MiFID II**"). The PSM is not a regulated market for the purposes of MiFID II. The relevant Final Terms (as defined in the section "**Overview of the Programme**") in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market or the PSM. In the case of Notes issued under the Programme which are listed on the Official List and admitted to trading on the PSM, references to the Final Terms contained in this Prospectus shall be construed as references to the pricing supplement for the PSM Notes or the US PP Notes, as applicable, substantially in the form set forth in this Prospectus (the "**Pricing Supplement**").

**References in this Prospectus to PSM Notes or US PP Notes are to Notes for which no prospectus is required to be published under the Prospectus Directive (as defined below). For the purposes of any PSM Notes or US PP Notes issued pursuant to this Programme, this document does not constitute a base prospectus within the meaning of Article 2.1 of the Prospectus Directive and will instead constitute Listing Particulars (as defined below).**

The MTN Notes will only be issued in bearer form. Each Series (as defined on page 15) of MTN Notes will be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**") or a permanent global note (each a "**permanent Global Note**" and, together with the temporary Global Notes, the "**Global Notes**"). If the Global Notes are stated in the applicable Final Terms to be issued in new global note ("**NGN**") form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Global Notes which are not issued in NGN form ("**Classic Global Notes**" or "**CGNs**") will be deposited on the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depositary**"). The provisions governing the exchange of interests in any Global Notes for interests in any other Global Notes and Definitive Notes are described in "**Overview of Provisions Relating to the MTN Notes while in Global Form**".

The US PP Notes will only be issued in registered form. US PP Notes will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each US PP Noteholder's entire holding of Registered Notes of one Series.

The Programme has been rated 'BBB (stable)' by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"). S&P is established in the European Union and is registered under Regulation (EC) No 1060/2009 (as amended) (the "**CRA Regulation**"). Tranches of Notes (as defined in "**Overview of the Programme**") to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Notes already issued. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union under the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Prospective investors should have regard to the factors described under the section "**Risk Factors**" in this Prospectus.

#### Arranger for the Programme

National Westminster Bank

#### The Dealers

Bank of China

Crédit Agricole CIB

J.P. Morgan

NatWest Markets

Santander Corporate & Investment Banking

SMBC Nikko

BNP PARIBAS

ING

MUFG

RBC Capital Markets

SEB

Société Générale Corporate & Investment Banking

## IMPORTANT NOTICES

This Prospectus comprises (i) a base prospectus (the “**Base Prospectus**”) for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU (as amended or superseded) (the “**Prospectus Directive**”) to the extent that such amendments have been implemented in a Member State of the European Economic Area), and relevant implementing measures in the United Kingdom and for the purpose of giving information with regard to the Issuer, the Guarantors and the MTN Notes which, according to the particular nature of the Issuer, the Guarantors and the MTN Notes to be issued by the Issuer, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Guarantors and the rights attaching to such MTN Notes and (ii) listing particulars for the purposes of LR 2.2.11 of the Listing Rules of the Financial Conduct Authority with regard to the Issuer and the Guarantors (the “**Listing Particulars**”).

For avoidance of doubt, the Pricing Supplement and any PSM Notes or US PP Notes form part of the Listing Particulars and do not form part of the Base Prospectus.

The Issuer and the Guarantors accept responsibility for the information contained in this Prospectus and the Final Terms (as defined herein) for each Tranche (as defined herein) of Notes issued under the Programme. To the best of the knowledge of each of the Issuer and the Guarantors (having taken all reasonable care to ensure that such is the case) such information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus should be read and construed together with any amendments or supplements hereto and with any documents deemed to be incorporated herein (see “*Documents Incorporated by Reference*”) and, in relation to any Tranche of Notes, should be read and construed together with the applicable Final Terms.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantors, the Note Trustee, the Security Trustee or any of the Dealers or the Arranger (as defined in “*Overview of the Programme*”).

Neither the delivery of this Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, under any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof, that there has been no change (or any event reasonably likely to involve a change) in the affairs of the Issuer or the Guarantors since the date of this Prospectus or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change (or any event reasonably likely to involve any adverse change) in the financial position of the Issuer or the Guarantors since the date of this Prospectus or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering, distribution or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus or any Final Terms comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes and the Guarantee may not be offered, sold or, in the case of Notes in bearer

form, delivered, within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus or any Final Terms, see “*Plan of Distribution*”.

This Prospectus may be distributed on a confidential basis in the United States to a limited number of “accredited investors” (as defined in Rule 501(a)(1), (2), (3) or (7)) under the Securities Act that are institutions (“**Institutional Accredited Investors**”) for informational use solely in connection with the consideration of the purchase of the US PP Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

US PP Notes may be offered or sold within the United States only to Institutional Accredited Investors, in transactions exempt from registration under the Securities Act. Each U.S. prospective purchaser of US PP Notes is hereby notified that the offer and sale of any US PP Notes to it will be made in reliance upon an exemption from the registration requirements of the Securities Act for transactions not involving a public offering in the United States. For a description of these and certain further restrictions on offers, sales and transfers of US PP Notes and distribution of this Prospectus see “*Plan of Distribution*”.

Each purchaser or holder of US PP Notes or any Notes issued in registered form in exchange or substitution therefor (together “**Legended Notes**”) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Legended Notes as set out in “*Plan of Distribution*”.

The Notes and the Guarantee in respect thereof have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Neither this Prospectus nor any Final Terms constitutes an offer of, or an invitation by or on behalf of the Issuer, the Guarantors or the Dealers to subscribe for, or purchase, any Notes.

Save for the Issuer and the Guarantors, no other party has separately verified the information contained in this Prospectus. None of the Dealers, the Arranger, the Note Trustee or the Security Trustee makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantors, the Arranger, the Dealers, the Note Trustee or the Security Trustee that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers, the Arranger, the Note Trustee or the Security Trustee undertakes to review the financial condition or affairs of the Issuer and/or the Guarantors during the life of the arrangements contemplated by this Prospectus or to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers, the Arranger, the Note Trustee or the Security Trustee.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Certain Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors are subject to local investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## **BENCHMARK REGULATION**

Amounts payable under the Notes may be calculated by reference to (i) LIBOR, which is provided by ICE Benchmark Administration Limited ("**IBA**"), (ii) EURIBOR, which is provided by the European Money Markets Institute (the "**EMMI**"), (iii) RPI, which is provided by the Office for National Statistics, (iv) CPI, which is provided by the Office for National Statistics or (v) CPIH, which is provided by the Office for National Statistics. As at the date of this Prospectus, the IBA appears and the EMMI does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**BMR**").

As far as the Issuer and the Guarantors are aware, RPI, CPI and CPIH do not fall within the scope of the BMR by virtue of Article 2 of that regulation. In addition, the transitional provisions in Article 51 of the BMR apply, such that the EMMI is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

The registration status of any administrator under the BMR is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Prospectus to reflect any change in the registration status of the administrator.

## PROHIBITION ON SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

## MIFID II PRODUCT GOVERNANCE

The Final Terms in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline each manufacturer’s product approval process, the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

## STABILISATION

**In connection with the issue of any Tranche (as defined in “*Overview of the Programme*”) of MTN Notes, the Dealer or Dealers (if any) acting as stabilisation manager(s) (the “**Stabilisation Manager(s)**”) (or any person acting on behalf of any Stabilisation Manager(s)) may, to the extent permitted by applicable laws and directives, over-allot MTN Notes or effect transactions with a view to supporting the market price of the MTN Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of MTN Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of MTN Notes and 60 days after the date of the allotment of the relevant Tranche of MTN Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

In this Prospectus, unless otherwise specified or the context otherwise requires, references to “**€**” and “**euro**” are to the currency of those member states of the European Union which are participating in European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Community, as amended, to “**Japanese yen**” are to the lawful currency of Japan, to “**£**” and “**Sterling**” are to the lawful currency of the United Kingdom, to “**U.S.\$**” and “**U.S. dollars**” are to the lawful currency of the United States of America, to “**New Zealand dollars**” are to the lawful currency of New Zealand, to “**Swedish krona**” are to the lawful currency of Sweden, to “**Danish krone**” are to

the lawful currency of Denmark, to “**Hong Kong dollars**” are to the lawful currency of Hong Kong and to “**Swiss francs**” are to the lawful currency of Switzerland.

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## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following sections of the base prospectus in respect of Cadent Finance Plc's £6,000,000,000 Euro Medium Term Note Programme dated on or around the date of this Prospectus (the "**OpCo Base Prospectus**") which shall be incorporated in and form part of this Prospectus:

	Section Title/Reference	Page(s)
1.1	The following Risk Factors - <i>Risks Relating to the Guarantor</i> (which sets out risk factors in relation to Cadent Gas Limited)	15 – 21
1.2	Description of the Guarantor (which provides a description of Cadent Gas Limited)	80 – 88
1.4	The following paragraphs of the section General Information: 6, 7, 8, 9 and 11	121

The OpCo Base Prospectus was published and approved by the Financial Conduct Authority on or around the date of this Prospectus.

This Prospectus should also be read and construed in conjunction with

- (a) (i) the audited consolidated financial statements of Cadent Gas Limited and Cadent Finance plc for the financial year ended 31 March 2017, together with the audit report thereon, (ii) the audited consolidated financial statements of Cadent Gas Limited and Cadent Finance plc for the financial year ended 31 March 2018, together with the audit report thereon, and (iii) the unaudited interim management reports of Cadent Gas Limited and Cadent Finance plc for the financial half year ended 30 September 2018, which have been previously published or are published simultaneously with this Prospectus and which have been approved by the Financial Conduct Authority or filed with it. These financial statements are relevant to the Programme given that each Guarantor is dependent on the payment of dividends by Cadent and other payments from Cadent and, to a more limited extent, its other subsidiaries to generate the funds necessary to meet its financial obligations, including repayment of any MidCo Issuer/MidCo Loans (see "*Risk Factors – Factors that may affect the Issuer's and the Guarantors' ability to fulfil their respective obligations under or in connection with the Notes – Risks relating to the Issuer and its business – The Guarantors are holding companies with no operations and each Guarantor relies on Cadent, as the operating subsidiary, to provide it with funds necessary to meet its financial obligations*"); and
- (b) (i) the audited annual financial statements of Quadgas Finance plc for the financial year ended 31 March 2017, together with the audit report thereon, (ii) the audited annual financial statements of Quadgas Finance plc for the financial year ended 31 March 2018, together with the audit report thereon, (iii) the unaudited interim management report of Quadgas Finance plc for the financial half year ended 30 September 2018, (iv) the audited consolidated annual financial statements of Quadgas MidCo Limited for the financial year ended 31 March 2017, together with the audit report thereon, (v) the audited consolidated annual financial statements of Quadgas MidCo Limited for the financial year ended 31 March 2018, together with the audit report thereon, (vi) the unaudited interim management report of Quadgas MidCo Limited for the financial half year ended 30 September 2018, and (vii) the audited annual financial statements of Quadgas PledgeCo Limited for the financial year ended 31 March 2018, together with the audit report thereon, which have been previously published or are published simultaneously with this Prospectus and which have been approved by the Financial

Conduct Authority or filed with it. PledgeCo was incorporated on 13 February 2017 (see the section “*Description of Quadgas PledgeCo Limited*”) but did not commence operations until 21 March 2017. Therefore PledgeCo currently does not have financial statements for the year ended 30 March 2017.

The documents, or sections of documents, referred to above shall be incorporated in and form part of this Prospectus, save that any statement contained in such documents, or sections of a document, which are incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Any information or documents themselves incorporated by reference in the documents incorporated by reference shall not form part of this Prospectus. Where only certain parts of a document are incorporated by reference in this Prospectus, the non-incorporated parts are either not relevant to the investor or are covered elsewhere in this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered office of the Issuer and the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

The hyperlinks included in this Prospectus, or included in any document incorporated by reference into this Prospectus, and the websites and their contents are not incorporated into, and do not form part of, this Prospectus.

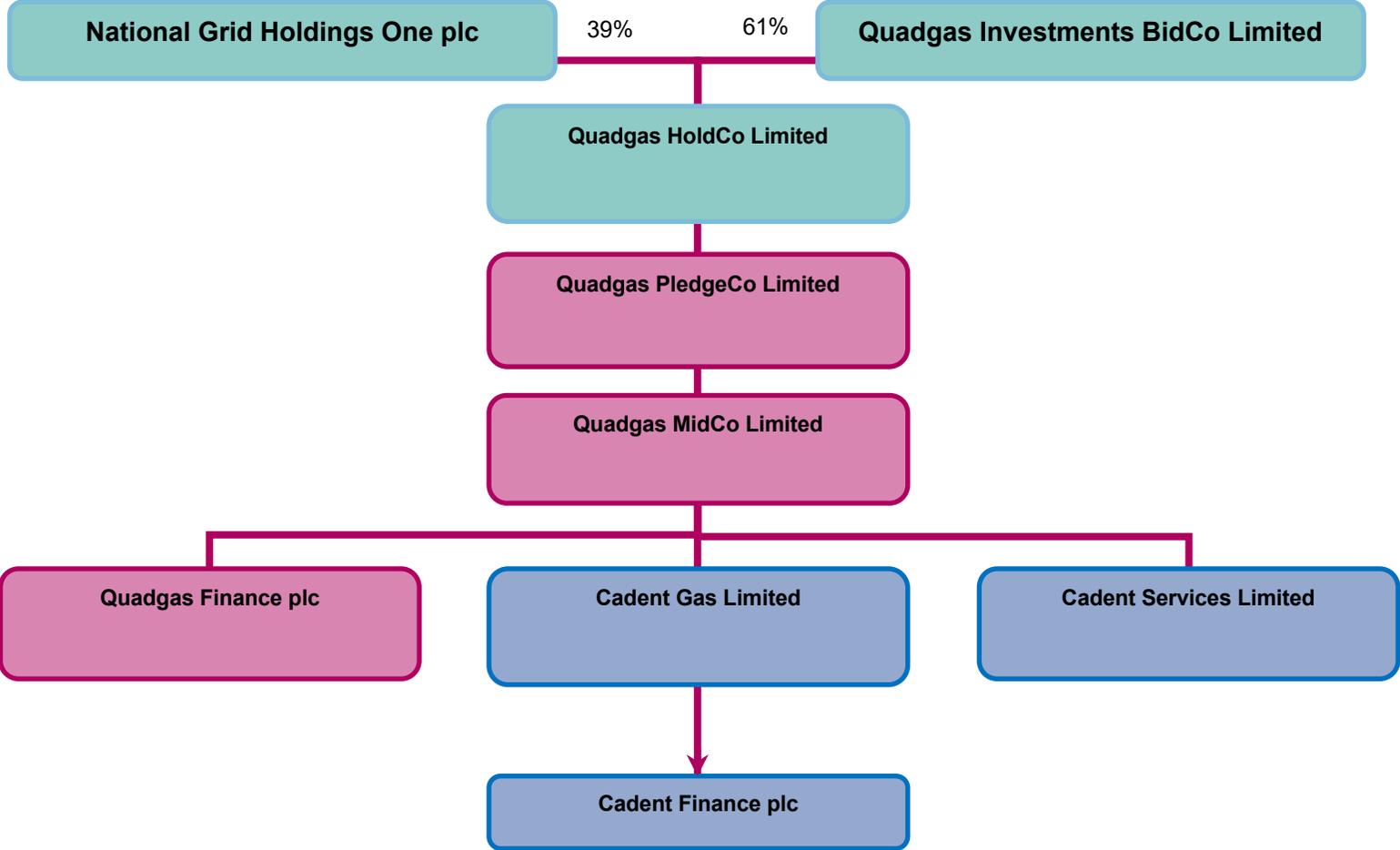
## **SUPPLEMENTAL PROSPECTUS**

In respect of any MTN Notes to be listed on the Market, if at any time the Issuer shall be required to prepare a supplemental prospectus pursuant to Section 87G of the FSMA (“**Supplemental Prospectus**”), the Issuer will prepare and publish and make available an appropriate amendment or supplement to this Prospectus or a further prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute a Supplemental Prospectus as required by the U.K. Listing Authority and Section 87G of the FSMA.

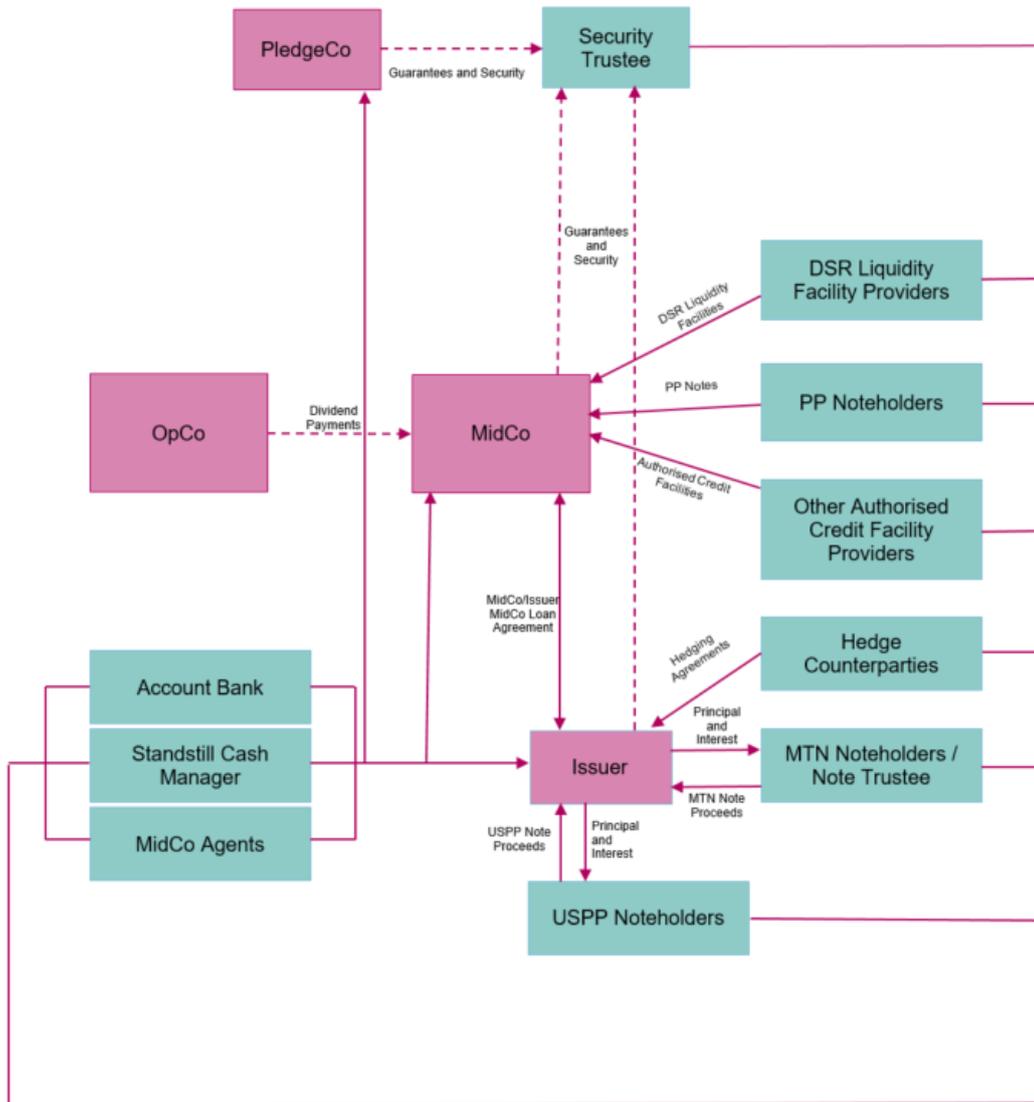
## **SUPPLEMENTARY LISTING PARTICULARS**

In respect of any PSM Notes or US PP Notes, if at any time the Issuer shall be required to prepare supplementary listing particulars pursuant to Section 81 of the FSMA, the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus or further listing particulars which, in respect of any subsequent issue of PSM Notes or US PP Notes, shall constitute supplementary listing particulars as required by the U.K. Listing Authority and Section 81 of the FSMA.

**GROUP STRUCTURE OF QUADGAS HOLDCO LIMITED AND ITS PRINCIPAL SUBSIDIARIES AS AT 19 DECEMBER 2018**



## PROGRAMME STRUCTURE



The Issuer will on-lend to MidCo the proceeds of each Series of Notes on each Issue Date, pursuant to the MidCo Issuer/MidCo Loan Agreement.

MidCo will apply the proceeds of each advance made available to it under the MidCo Issuer/MidCo Loan Agreement from time to time towards the general corporate purposes of the MidCo Group.

The Issuer's obligations to repay principal and pay interest on the Notes are intended to be met primarily from the payments of principal and interest received from MidCo under the MidCo Issuer/MidCo Loan Agreement. Each advance under the MidCo Issuer/MidCo Loan Agreement will be repayable on the same date as the related Notes or on such date and by such time as is required by MidCo Issuer to enable it to redeem or repay the related Notes.

If any amounts being used for the purposes of advances by the Issuer under the MidCo Issuer/MidCo Loan Agreement have been hedged by the Issuer in accordance with the Hedging Policy, the Issuer and

MidCo will enter into a back-to-back hedging arrangement on the same terms as those set out in the relevant MidCo Hedging Agreement pursuant to which such amounts have been hedged.

MidCo may withdraw sums standing to the credit of the Debt Service Reserve Account and/or draw under any DSR Liquidity Facility to enable MidCo to meet any shortfall in the amounts available to it on any Payment Date to make Debt Service Payments (see “*Overview of the Financing Agreements – Common Terms Agreement – Cash Management – DSR Liquidity Facility*”).

PledgeCo and MidCo have guaranteed the obligations of the Issuer under the Finance Documents in favour of the Security Trustee and PledgeCo, MidCo and the Issuer have each guaranteed the obligations of each other under the Finance Documents in favour of the Security Trustee.

The obligations of each of PledgeCo, MidCo and the Issuer have been secured in favour of the Security Trustee under the terms of the Security Agreement.

The guarantees and security granted by PledgeCo, MidCo and the Issuer are held by the Security Trustee for itself and on behalf of the Secured Creditors under the terms of the STID, which regulates the rights and claims of the Secured Creditors against the Obligor and the duties and discretions of the Security Trustee.

## OVERVIEW OF THE PROGRAMME

The following overview is qualified in its entirety by the remainder of this Prospectus.

<b>Issuer</b>	Quadgas Finance plc (registered number 10619488).
<b>Guarantors</b>	Quadgas MidCo Limited (“ <b>MidCo</b> ”) (registered number 10615396) and Quadgas PledgeCo Limited (“ <b>PledgeCo</b> ”) (registered number 10614954).
<b>OpCo</b>	Cadent Gas Limited (registered number 10080864).
<b>MidCo Group</b>	PledgeCo, MidCo and the Issuer and any other Obligor and any Subsidiary of any of the foregoing from time to time which is not a member of the GasD OpCo Group.
<b>GasD OpCo Group</b>	OpCo, PropCo and Cadent Finance plc and any Subsidiary of any of the foregoing.
<b>Description</b>	Secured Debt Issuance Programme.
<b>Size</b>	Up to £5,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time.
<b>Source of Funds for Required Payments by the Issuer and the Guarantors</b>	<p>The payment by MidCo of interest, principal and other amounts to the Issuer under the MidCo Issuer/MidCo Loan Agreement and payments under the guarantee by the Guarantors will be the principal sources of funds for the Issuer to make its required payments in respect of the Notes outstanding from time to time.</p> <p>Each of the Guarantors will be reliant upon the payment by its subsidiaries (including OpCo) of dividends and certain other distributions to meet their respective payment obligations in respect of interest and principal due to the Issuer under the MidCo Issuer/MidCo Loan Agreement and under the Guarantee, as applicable. The Guarantors (and, in turn, the Issuer) will therefore be substantially reliant on the cashflow of OpCo in fulfilling their respective obligations under the Notes.</p>
<b>Arranger</b>	National Westminster Bank Plc
<b>Principal Dealers</b>	Banco Santander, S.A. Bank of China Limited, London Branch BNP Paribas Crédit Agricole Corporate and Investment Bank ING Bank N.V. J.P. Morgan Securities plc MUFG Securities EMEA plc NatWest Markets Plc RBC Europe Limited Skandinaviska Enskilda Banken AB (publ) SMBC Nikko Capital Markets Limited Société Générale

The Issuer and Guarantor may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to “**Permanent Dealers**” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “**Dealers**” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

<b>Note Trustee</b>	U.S. Bank Trustees Limited.
<b>Security Trustee</b>	U.S. Bank Trustees Limited.
<b>MTN Issuing and Paying Agent and MTN Calculation Agent</b>	Elavon Financial Services DAC, UK Branch.
<b>Account Bank</b>	Barclays Bank PLC, acting through its London office
<b>Cash Manager</b>	OpCo (for so long as no Standstill Period is outstanding) (the “ <b>Cash Manager</b> ”).
<b>MTN Paying Agent and MTN Transfer Agent</b>	Elavon Financial Services DAC, UK Branch.
<b>US PP Paying Agent and US PP Calculation Agent</b>	Elavon Financial Services DAC at its specified office in Dublin, Ireland.
<b>Secured Creditors</b>	The Secured Creditors will comprise any person who from time to time is a party to, or has acceded to, the STID as a Secured Creditor, and includes, the Security Trustee (in its own capacity and on behalf of the other Secured Creditors), the Note Trustee (in its own capacity and on behalf of the MTN Noteholders), the Noteholders, the Senior Facility Providers, the PP Noteholders, the MidCo Hedge Counterparties, the Account Banks, the DSR Liquidity Facility Agents, each DSR Liquidity Facility Provider and each other Authorised Credit Facility Provider, the Cash Manager (other than when the Cash Manager is OpCo), the Standstill Cash Manager, each MidCo Agent and any Additional Secured Creditor. Other parties may become Secured Creditors from time to time by acceding to the STID.
<b>Method of Issue</b>	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “ <b>Series</b> ”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “ <b>Tranche</b> ”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and aggregate principal amount of the Tranche, will be identical to the terms of other Tranches of the same

	Series) will be completed in the final terms document (the “Final Terms”).
<b>Issue Price</b>	Notes may be issued at their principal amount or at a discount or premium to their principal amount.
<b>Form of Notes</b>	<p>The MTN Notes may be issued in bearer form only. Each Tranche of MTN Notes will be represented on issue by a temporary Global Note if (a) Definitive Notes are to be made available to MTN Noteholders following the expiry of 40 days after their issue date or (b) such Notes have an initial maturity of more than one year and are being issued in compliance with TEFRA D (as defined in “<i>Plan of Distribution – Selling Restrictions</i>”), otherwise such Tranche will be represented by a permanent Global Note. Any permanent Global Note shall only be exchanged for MTN Notes in definitive form in the limited circumstances set out in the permanent Global Note.</p> <p>The US PP Notes may be issued in registered form only. US PP Notes will be represented by Certificates, one Certificate being issued in respect of each US PP Noteholder’s entire holding of US PP Notes of one Series.</p>
<b>Clearing Systems</b>	In relation to the MTN Notes, Clearstream, Luxembourg, Euroclear and, in relation to any Tranche of MTN Notes, such other clearing system as may be agreed between the Issuer, the Guarantors, the MTN Issuing and Paying Agent, the Note Trustee and the relevant Dealer(s).
<b>Initial Delivery of Notes</b>	<p>On or before the issue date for each Tranche of MTN Notes, if the relevant Global Note is a NGN, the Global Note will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche of MTN Notes, if the relevant Global Note is a CGN, the Global Note representing the relevant MTN Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Guarantors, the MTN Issuing and Paying Agent, the Note Trustee and the relevant Dealer(s).</p> <p>On or before the issue date for each Tranche of US PP Notes, the Certificate(s) representing the US PP Notes will be delivered to the relevant US PP Note Purchaser(s).</p>
<b>Currencies</b>	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in U.S. dollars, Danish krone, Euro, Hong Kong dollars, New Zealand dollars, Sterling, Swedish krona, Swiss francs or Japanese yen or in other currencies if the Issuer and the Guarantors and (i), in the case of MTN Notes, the Note Trustee and the relevant Dealer(s) or (ii) in the case of US PP Notes, the relevant US PP Note Purchaser(s) so agree.
<b>Maturities</b>	Subject to compliance with all relevant laws, regulations and

directives, the Notes may have any maturity from one month to perpetuity.

Any Notes having a maturity of less than one year from their date of issue must (a) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of Section 19 of the FSMA by the Issuer.

#### **Denominations**

Notes will be denominated in the Specified Denominations set out in Part A of the relevant Final Terms, save that (i) Notes will be issued in a minimum specified denomination of not less than €100,000 (or its equivalent in any other currency at the date of issue of the Notes; (ii) unless otherwise permitted by then current laws and regulations, Notes which have a maturity of less than one year will have a minimum denomination of £100,000 (or its equivalent in other currencies) and (iii) US PP Notes will have a minimum denomination of £1,000,000.

#### **Fixed Rate Notes**

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms and at maturity.

#### **Floating Rate Notes**

Floating Rate Notes will bear interest set separately for each Series as follows:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. and ISDA Benchmark Supplement published by the International Swaps and Derivatives Association, Inc. or
- (b) by reference to LIBOR or EURIBOR as adjusted for any applicable margin. Interest periods will be selected by the Issuer prior to issue and specified in the relevant Final Terms. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate, or both.

#### **Index Linked Notes**

Payments of interest and principal in respect of Index Linked Notes will be calculated by reference to an Index Ratio, derived from either:

- (a) the U.K. Retail Prices Index (the “**RPI**”) (all items) published by the Office for National Statistics or the relevant successor index (“**RPI Linked Notes**”);
- (b) the U.K. Consumer Prices Index (the “**CPI**”) (all items) published by the Office for National Statistics or the relevant successor index (“**CPI Linked Notes**”); or

(c) the U.K. Consumer Prices Index including Owner Occupiers' Housing costs and Council Tax ("**CPIH**") (all items) published by the Office for National Statistics or the relevant successor index ("**CPIH Linked Notes**").

**Interest Periods and Rates of Interest**

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

**Benchmark Discontinuation**

On the occurrence of a Benchmark Event, an Independent Adviser (as defined in Condition 4.3.5) may determine a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread, if any, and any Benchmark Amendments in accordance with Condition 4.3.7.

**Redemption**

The relevant Final Terms will specify the basis for calculating the redemption amounts payable.

**Optional Redemption**

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.

If specified in the applicable Final Terms, the Issuer will have the option to redeem or purchase the Notes early at a make-whole amount determined in accordance with Condition 6.5.3 of the MTN Notes and Condition 5.9 of the US PP Notes, or otherwise at any other amount specified, and at any time(s) specified, in such Final Terms.

The Issuer may elect to redeem all, but not some only, of the MTN Notes of any Series at their Residual Holding Redemption Amount (as set out in the relevant Final Terms) at any time if the Residual Holding Percentage (as set out in the relevant Final Terms) or more of the aggregate principal amount of such MTN Notes originally issued shall have been redeemed or purchased and cancelled.

**Status of Notes**

The Notes will constitute secured obligations of the Issuer, as described in "*Terms and Conditions of the MTN Notes – Status*" and "*Terms and Conditions of the US PP Notes – Guarantee and Security*".

**Status of the Guarantee**

The payment obligations of each Guarantor under the Guarantee are unconditional, irrevocable and unsubordinated secured obligations of each Guarantor.

**Events of Default**

If any Event of Default (as defined in the Master Definitions Agreement) occurs and is continuing, subject always to the terms of the STID, the Note Trustee may at any time (in accordance with the provisions of the Note Trust Deed and

the STID), and if so requested by holders of at least one quarter in principal amount of the MTN Notes then outstanding or if so directed by way of Extraordinary Resolution shall, give notice to the Issuer that the MTN Notes are, and they shall accordingly immediately become, due and repayable at their Early Redemption Amount together (if applicable) with accrued interest to the date of payment.

Subject to the terms of the CTA and the STID, if any Event of Default has occurred and is outstanding, any holder of a US PP Note may, by notice to the Issuer, exercise its rights as a Secured Creditor subject to and in accordance with the STID.

The Events of Default include a cross-acceleration provision and a MidCo Net Debt to RAV ratio (equal to or greater than 92 per cent.) provision (subject to a cure right).

#### **Covenants**

The representations, warranties and covenants (positive, negative and financial) which will apply to, inter alia, the Notes are set out in the Common Terms Agreement and, in respect of certain representations, warranties and covenants relating to tax matters, in the Tax Deed of Covenant.

The covenants include a negative pledge provision.

See "*Overview of the Financing Agreements*".

#### **Early Redemption**

Except as provided in "*Optional Redemption*" above and subject always to any laws, regulations and directives applicable to the relevant currency in which such Notes are denominated, (i) MTN Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons and, in the case of Index Linked Notes only, for reasons related to the relevant index and (ii) US PP Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See "*Terms and Conditions of the MTN Notes – Redemption, Purchase and Options*" and "*Terms and Conditions of the US PP Notes – Payment and Prepayment of the Notes*".

#### **Withholding Tax**

All payments of principal and interest in respect of the Notes and the Coupons or under the Guarantee will be made free and clear of withholding taxes of the United Kingdom save as required by law. In the event that any deduction or withholding on account of tax is required to be made, the Issuer (or, as the case may be, the Guarantors) shall, in the circumstances provided in "*Terms and Conditions of the MTN Notes – Taxation*" and "*Terms and Conditions of the US PP Notes – Tax Indemnification*" and subject to the exceptions therein, pay additional amounts so as to compensate the Noteholder or, as the case may be, Couponholder for the amounts withheld or deducted.

#### **Security**

The obligations of each of the Obligors under the Notes are secured pursuant to the Security Documents in favour of the Security Trustee, who will hold the benefit of such security on trust for the Secured Creditors (including the US PP

	<p>Noteholders, the MidCo Agents and the Note Trustee on behalf of the MTN Noteholders) on the terms of the STID (as defined below).</p> <p>The Security granted pursuant to the Security Documents has characteristics that demonstrate the capacity to produce funds to service any payments due and payable under the Notes.</p>
<b>MTN Note Documents</b>	The MTN Agency Agreement, the Note Trust Deed and the Dealer Agreement (the “ <b>Programme Documents</b> ”).
<b>US PP Note Documents</b>	The US PP Notes, each Note Purchase Agreement and each Accession Memorandum (the “ <b>US PP Note Documents</b> ”).
<b>Finance Documents</b>	The Programme Documents, MTN Notes the US PP Note Documents, the Security Documents, the PP Note Documents, the MidCo Hedging Agreements and any other credit support or collateral documentation entered into in connection therewith or pursuant thereto, the CTA, the MidCo Issuer/MidCo Loan Agreement, each DSR Liquidity Facility Agreement, the ISF Finance Documents, the Issuer/ICSD Agreement, each Account Bank Agreement, the Tax Deed of Covenant, any other Authorised Credit Facilities, the Master Definitions Agreement, each Accession Memorandum, the STID and any other Finance Documents as may be entered into from time to time pursuant to the STID.
<b>MidCo Issuer/MidCo Loan Agreement</b>	A loan agreement has been entered into between the Issuer and MidCo (the “ <b>MidCo Issuer/MidCo Loan Agreement</b> ”), pursuant to which the Issuer will grant intra-group loans to MidCo in amounts equal to the proceeds of the Notes issued by the Issuer (each a “ <b>MidCo Issuer/MidCo Loan</b> ”). Funds received under the MidCo Issuer/MidCo Loans from MidCo to the Issuer will be the principal source of funds available to the Issuer to enable the Issuer to make payments on the Notes and fund its costs and expenses.
<b>STID</b>	The security trust and intercreditor agreement has been entered into between the Secured Creditors (and, in the case of the MTN Noteholders, the Note Trustee on behalf of the MTN Noteholders), the Issuer and the Guarantors to regulate the claims of the Secured Creditors and the rights of the Issuer and the Guarantors (the “ <b>STID</b> ”). See “ <i>Overview of the Financing Agreements</i> ”.
<b>Security Documents</b>	The Security Agreement, the STID (including any Accession Memorandum thereto and any deed supplemental thereto) and any other security document executed by any of the Issuer or the Guarantors evidencing or creating security over any asset of the Issuer or a Guarantor to secure any obligation of the Issuer or the Guarantors to a Secured Creditor under the Finance Documents.
<b>Governing Law</b>	English.
<b>Listing</b>	Each Series may be admitted to the Official List and admitted to trading on the Market or the PSM.

## Ratings

The Programme has been rated 'BBB (stable)' by S&P. S&P is established in the European Union and is registered under the CRA Regulation.

Tranches of Notes (as defined in "*Overview of the Programme*") to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Notes already issued. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

## Selling Restrictions

United States, United Kingdom, Prohibition of Sales to European Economic Area Retail Investors and Japan. See "*Plan of Distribution*".

Category 2 selling restrictions will apply to the MTN Notes and the Guarantee for the purposes of Regulation S under the Securities Act.

The MTN Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) ("**TEFRA D**") unless (a) the relevant Final Terms states that MTN Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) ("**TEFRA C**") or (b) the MTN Notes are issued other than in compliance with TEFRA D or TEFRA C but in circumstances in which the MTN Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

The US PP Notes will be issued in private placements pursuant to section 4(a)(2) of the Securities Act.

## Terms and Conditions

The Terms and Conditions applicable to each Series will be as agreed between the Issuer and the Guarantors and (i) in the case of the MTN Notes, the Note Trustee and the relevant Dealer(s) or other purchaser or (ii) in the case of the US PP Notes, the relevant US PP Note Purchaser(s) at or prior to the time of issuance of such Series and will be specified in the relevant Final Terms.

## RISK FACTORS

*The Issuer and the Guarantors believe that the following factors may affect their ability to fulfil their respective obligations under Notes issued under the Programme or their obligations under the Guarantee, as applicable. All of these factors are contingencies which may or may not occur and the Issuer and the Guarantors are not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer and the Guarantors believe may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer and the Guarantors believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer or the Guarantors may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer and the Guarantors do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.*

### **Factors that may affect the Issuer's and the Guarantors' ability to fulfil their respective obligations under or in connection with the Notes**

#### **Risks relating to the Issuer and its business**

##### ***The Issuer is a special purpose financing entity***

The Issuer is a special purpose financing entity with no business operations other than raising external funding for MidCo through the issuance of the Notes and other debt finance and it has no assets other than the amounts representing the proceeds of its issued and paid-up share capital, such fees (if any) payable to it in connection with the issue of the Notes (or other similar instruments) or entry into of other obligations from time to time and any on-loan made by it of the proceeds of the issue of any Notes (or other similar instruments). Therefore, the Issuer is subject to all the risks relating to revenues and expenses to which MidCo is subject, as set out or incorporated by reference herein. Such risks could limit funds available to the Issuer to enable the Issuer to satisfy in full and on a timely basis, its obligations under the Notes.

##### ***The Guarantors are holding companies with no operations and each Guarantor relies on Cadent, as the operating subsidiary, to provide it with funds necessary to meet its financial obligations***

Each Guarantor is a holding company with no material, direct business operations. The principal assets of each Guarantor are the equity interests it directly or indirectly holds in its operating subsidiary, Cadent Gas Limited ("**OpCo**" or "**Cadent**"). As a result, each Guarantor is dependent on the payment of dividends by Cadent and other payments from Cadent and, to a more limited extent, its other subsidiaries to generate the funds necessary to meet its financial obligations, including repayment of any MidCo Issuer/MidCo Loans. Cadent is subject to regulatory restrictions that can limit the payment of dividends and certain other payments.

Each Guarantor's subsidiaries are separate and distinct legal entities and, except for the Issuer and MidCo, each subsidiary (other than Cadent) will have no obligation, contingent or otherwise, and, in the case of Cadent, only a limited and qualified obligation in respect of the payment of dividends, to pay amounts due under the Notes or to make any funds available to pay those amounts, whether by dividends, distributions, advances, loans or other payments.

Accordingly, risks that have an impact on the subsidiaries of the Guarantors (as set out in more detail in the following paragraphs) and incorporated herein (see further "*Principal risks associated with*

*Cadent and its business*" below) could affect the amount of funds available to the Guarantors to enable the Guarantors to satisfy in full and on a timely basis their respective obligations under the MidCo Issuer/MidCo Loan Agreement and the Guarantee.

As part of its obligations as a regulated company, Cadent is subject to certain ring-fencing restrictions under its current Licence (see further *Description of the Guarantor – Disposal of National Grid Gas plc's gas distribution business – Regulatory Framework* in the OpCo Base Prospectus). If Cadent is in default of any of these "ring fence" obligations, it is prohibited from declaring and paying a dividend.

The ability of the Guarantors' subsidiaries to make such distributions and other payments depends on their earnings and may be subject to statutory or contractual restrictions. As an equity investor in its subsidiaries, the Guarantors' right to receive assets upon their liquidation or reorganisation will be effectively subordinated to the claims of creditors of its subsidiaries. To the extent that the Guarantors are recognised as a creditor of such subsidiaries, the Guarantors' claims may still be subordinated to any security interest in or other lien on the assets of such subsidiaries and to any of their debt or other obligations that are senior to the Guarantors' claims.

Furthermore, investors should note that for regulatory reasons, the Programme has been structured such that Cadent will not provide cross-guarantees or any security. The obligations of the Issuer and Guarantors under the Notes, the Common Terms Agreement, the STID and the other Finance Documents will not be obligations or responsibilities of, or guaranteed by, any entity in the GasD OpCo Group.

#### **High leverage**

As of the date of this Prospectus, the MidCo Group has indebtedness that is substantial in relation to its shareholders' equity. The MidCo Group at 30 September 2018 was leveraged to 82 per cent. as a percentage of total net debt to RAV. The MidCo Group will depend on Cadent's operating performance and financial results, which in turn will depend upon economic, financial, competitive, regulatory and other factors beyond its control, including fluctuations in interest rates and general economic conditions in the United Kingdom.

Accordingly, there can be no assurance as to the ability of Cadent to meet its financing requirements, nor as to its ability to pay distributions to MidCo in order to enable MidCo to pay amounts under the MidCo Issuer/MidCo Loan Agreement, to enable the Issuer or the Guarantors to pay amounts due and owing in respect of the Notes. Incurrence of additional indebtedness by Cadent, the Issuer or the Guarantors, which is permitted under the Finance Documents, may increase overall leverage of the MidCo Group which will increase the demand on Cadent to generate distributable cashflows.

#### **Future financing**

The MidCo Group may need to raise further debt from time to time in order, *inter alia*, to:

- (a) on each date on which principal is required to be repaid and on the maturity date of the relevant Tranche of Notes, refinance the Notes; and
- (b) refinance any other debt the terms of which have become inefficient or which have a scheduled partial or final maturity prior to the final maturity of the Notes.

While the CTA and the STID contemplate the terms and conditions on, and circumstances under, which such additional indebtedness can be raised, there can be no assurance that the MidCo Group will be able to raise sufficient funds, or funds at a suitable interest rate, or on suitable terms, at the requisite time such that the purposes for which such financing is being raised are fulfilled, and in particular, such that all amounts then due and payable on the Notes or any other maturing indebtedness will be capable of being so paid when due.

## **Risks relating to Cadent and its business**

The principal risks to which Cadent and its business are subject are set out in the risk factor *Risks relating to the Guarantor* extracted from the OpCo Base Prospectus (pages 9 - 14), which is incorporated by reference in this Prospectus (see “*Documents Incorporated by Reference*”).

## **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

### ***Law and regulation***

#### *Renationalisation of the gas industry*

Cadent and the UK gas industry generally face increased scrutiny from regulators and key stakeholders, including the government and other political parties. The government’s official opposition, the UK Labour Party, stated in its manifesto for the 2017 UK General Election that, were it to win, it would renationalise the gas industry. Although the UK Labour Party did not win the 2017 UK General Election, it continues to maintain a policy (as confirmed at its party conference in September 2018) to bring key utilities back into public ownership if elected in the future. Following the 2017 UK General Election, there has been continued discussion and public and political comment on renationalisation. It is currently unclear what impact any renationalisation would have on Noteholders as there is no formal proposal or legislation in existence.

If any governmental agency were to take a step that is reasonably likely to result in the nationalisation of all or majority of the issued shares of any member of the Group and such event would be reasonably likely to have a Material Adverse Effect, an Event of Default will occur under the Finance Agreements (See “*Overview of the Financing Agreements – Common Terms Agreement – Events of Default*”). Following an Event of Default, a Trigger Event occurs and a Standstill Period starts. During the Standstill Period (i) the Security granted by PledgeCo may be enforced at any time by the Security Trustee at the direction of the Majority Creditors; and (ii) no other Enforcement Action is permitted, other than certain limited actions such as Permitted Hedge Terminations. The consequence of a Trigger Event occurring is that it (among other things) permits the Majority Creditors to commission an Independent Review, requires MidCo to discuss its plans for appropriate remedial action and prevents the Obligors from making further Restricted Payments until the relevant Trigger Event has been remedied. If the Standstill Period ends (other than by way of a remedy), each Secured Creditor will be entitled to exercise all rights which may be available to it under any Finance Document (other than any Security Document) (including directing the Security Trustee to take any Enforcement Action) and the Security Trustee shall be entitled to enforce any Security Document. In the event of the acceleration of the Secured Liabilities in accordance with the STID following the ending of a Standstill Period (other than by way of a remedy), the Notes of each Series shall automatically become due and repayable at their respective Early Redemption Amounts determined in accordance with Condition 6.4 (*Early Redemption*). The Early Redemption Amount is the final scheduled par amount to be repaid. Accordingly, future intervention by any Government in the gas markets, changes in governmental policy or any future renationalisation policy may affect the Issuer’s ability to meet its obligations under the Notes and/or may give rise to early redemption in accordance with Condition 6.4 (*Early Redemption*).

### ***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

#### *Notes subject to optional redemption by the Issuer*

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise

substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Index Linked Notes*

The Issuer may issue Notes with principal or interest determined by reference to an index. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time than expected;
- (iv) the amount of principal payable at redemption may be less than the principal amount of such Notes or even zero;
- (v) an index may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) the timing of changes in an index may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the relevant index, the greater the effect on yield.

#### *Regulation and reform of LIBOR, EURIBOR or other “benchmarks” could adversely affect any Notes linked to such “benchmarks”*

Reference rates and indices, including interest rate benchmarks, such as the London Interbank Offered Rate (“**LIBOR**”), which are used to determine the amounts payable under financial instruments or the value of such financial instruments (“**benchmarks**”), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing benchmarks, with further changes anticipated. These reforms and changes may cause a benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such benchmark.

In 2012, a review, undertaken at the request of the UK government, on the setting and usage of LIBOR, resulted in an initiative to devise new methodologies for determining representative inter-bank lending rates and, ultimately, so-called ‘risk free’ rates that may be used as an alternative to LIBOR in certain situations.

Following this review, the International Organisation of Securities Commissions (“**IOSCO**”) created a task force to draft principles to enhance the integrity, reliability and oversight of benchmarks generally. This resulted in publication by the Board of IOSCO, in July 2013, of nineteen principles which are to apply to benchmarks used in financial markets (the “**IOSCO Principles**”). The IOSCO Principles provide an overarching framework for benchmarks used in financial markets and are intended to promote the reliability of benchmark determinations and address benchmark governance, quality and accountability mechanisms. The Financial Stability Board (“**FSB**”) subsequently undertook a review of major interest rate benchmarks and published a report in 2014, outlining its recommendations for change, to be implemented in accordance with the IOSCO Principles. In addition, in June 2016, Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “**BMR**”) came into force. The BMR implements a number of the IOSCO Principles and the majority of its

provisions apply from 1 January 2018.

In a speech on 27 July 2017, Andrew Bailey, the Chief Executive of the Financial Conduct Authority (the "FCA"), questioned the sustainability of LIBOR in its current form, given that the underlying transactions forming the basis of the benchmark are insufficient to support the volumes of transactions that rely upon it, and made clear the need to transition away from LIBOR to alternative reference rates. He noted that there was support among the LIBOR panel banks for voluntarily sustaining LIBOR until the end of 2021, facilitating this transition. At the end of this period, it is the FCA's intention not to sustain LIBOR through its influence or legal powers by persuading or obliging banks to submit to LIBOR. Therefore, the continuation of LIBOR in its current form (or at all) after 2021 cannot be guaranteed. In a further speech on 12 July 2018, Andrew Bailey emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021.

Other interbank offered rates such as EURIBOR (the European Interbank Offered Rate) (together with LIBOR, the "IBORs") suffer from similar weaknesses to LIBOR and as a result (although no deadline has been set for their discontinuation), they may be discontinued or be subject to changes in their administration.

Changes to the administration of an IBOR or the emergence of alternatives to an IBOR may cause such IBOR to perform differently than in the past, or there could be other consequences which cannot be predicted. The discontinuation of an IBOR or changes to its administration could require changes to the way in which the Rate of Interest is calculated in respect of any Notes referencing or linked to such IBOR. The development of alternatives to an IBOR may result in Notes linked to or referencing such IBOR performing differently than would otherwise have been the case if the alternatives to such IBOR had not developed. Any such consequence could have a material adverse effect on the value of, and return on, any Notes linked to or referencing such IBOR.

Whilst alternatives to certain IBORs for use in the bond market (including SONIA (for Sterling LIBOR) and rates that may be derived from SONIA) are being developed, in the absence of any legislative measures, outstanding notes linked to or referencing an IBOR will only transition away from such IBOR in accordance with their particular terms and conditions.

Uncertainty as to the nature of alternative reference rates and as to potential changes or other reforms to LIBOR may adversely affect LIBOR rates during the term of the Notes and the return on the Notes and the trading market for LIBOR-based securities. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest provisions of the Terms and Conditions (as further described below and in Condition 4.3.7), or result in other consequences, in respect of any Notes linked to such benchmark (including but not limited to Floating Rate Notes whose interest rates are linked to LIBOR).

In particular, the Benchmark Regulation came into force on 1 January 2018. The Benchmark Regulation applies to "contributors", "administrators" and "users" of "benchmarks" in the EU, and, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised) and to comply with extensive requirements in relation to the administration of "benchmarks" (or, if non-EU-based, to be subject to equivalent requirements) and (ii) prevents certain uses by EU supervised entities of "benchmarks" of unauthorised administrators. The Benchmark Regulation could have a material impact on any Notes linked to a "benchmark", including in any of the following circumstances:

- (i) an index which is a "benchmark" could not be used by a supervised entity in certain ways if its administrator does not obtain authorisation or register or, if based in a non-EU jurisdiction, the administrator is not otherwise recognised as equivalent; and
- (ii) the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the

effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level of the benchmark.

Either of the above could potentially lead to the Notes being de-listed, adjusted or redeemed early or otherwise affected depending on the particular "benchmark" and the applicable terms of the Notes.

In addition, any other international, national or other proposals for reform or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks".

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such Original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the Original Reference Rate was discontinued. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Floating Rate Notes.

If a Benchmark Event (as defined in Condition 4.3.5) (which, amongst other events, includes the permanent discontinuation of an Original Reference Rate) occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest will result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Conditions provide that the Issuer may vary the Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread may be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate. The aim of the Adjustment Spread is to reduce or eliminate, to the extent reasonably practicable, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate. However, it may not be possible to determine or apply an Adjustment Spread and even if an Adjustment Spread is applied, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to Noteholders and Couponholders. If no Adjustment Spread can be determined, a Successor Rate or Alternative Rate may nonetheless be

used to determine the Rate of Interest. The use of any Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the Terms and Conditions of the Notes.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Accrual Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the initial Rate of Interest.

Where the Issuer has been unable to appoint an Independent Adviser or, the Independent Adviser has failed to determine a Successor Rate or Alternative Rate in respect of any given Interest Accrual Period, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Interest Accrual Periods, as necessary.

Applying the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event will result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or, the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. This will result in the Floating Rate Notes, in effect, becoming fixed rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions and the ISDA Benchmark Supplement. Where the Floating Rate Option specified is an "IBOR" Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes.

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the prevailing rates on its Notes.

#### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### *Hedge Counterparty risk*

If the Issuer or, if applicable, a Guarantor enters into any hedging agreements in connection with any issue of Notes (for example, in relation to interest rate or currency exposures), it faces the possibility that a MidCo Hedge Counterparty will become unable to honour its contractual obligations. MidCo Hedge Counterparties may default on their obligations due to insolvency, bankruptcy, lack of liquidity, operational failure or other reasons. This risk may arise, for example, from entering into swap or other derivative contracts under which counterparties have obligations to make payments to the Issuer or a Guarantor or from executing trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries.

#### **Risks related to Notes generally**

Set out below is a description of material risks relating to the Notes generally:

#### *Noteholders' rights subject to the STID*

The Noteholders' rights against the Issuer and the Guarantors are subject to the STID, which is described in detail in the section "*Overview of the Financing Agreements*". Whilst the Note Trustee's and US PP Noteholders' rights to take any action to enforce their respective rights against the Issuer and/or the Guarantors following an Event of Default are partially restricted under the STID, the exercise of any right to accelerate the Secured Liabilities owed to the Note Trustee or any US PP Noteholder under any Note arising by reason of an Event of Default after termination of a Standstill Period other than pursuant to a Standstill Remedy ("**Permitted Enforcement Action**") is not restricted. The taking of Permitted Enforcement Action by the Note Trustee or a US PP Noteholder shall trigger an automatic acceleration of the Secured Liabilities. Following such automatic acceleration, the Security Trustee shall enforce the Security in accordance with the instructions of the Majority Creditors (which might not include the Noteholders) and the proceeds of such enforcement shall be distributed in accordance with the order of payments set out in the STID. As a result, Noteholders can be bound by the process of enforcement that is determined by the Majority Creditors, which may differ from the interests of Noteholders. Noteholders can therefore be bound by the result of a particular matter that they voted against, including, for the avoidance of doubt, in relation to the enforcement of the Security.

#### *Potential disenfranchisement of Noteholders*

In relation to any modification, consent, waiver, approval, discretion, determination, instruction or other decision or any other derivative thereof (the "**decision**") to be made pursuant to the STID, the Security Trustee shall notify the Obligors and each Secured Creditor Representative (including the Note Trustee and each US PP Noteholder) of the matter in question and shall also inform each Secured Creditor Representative (including the Note Trustee and each US PP Noteholder) of the date by which it must provide its vote in relation to the relevant decision (being 15 Business Days after the date upon which the Security Trustee gives such notice, unless the notice related to an Entrenched Right in respect of which the MTN Noteholders of a Series of MTN Notes are the Affected Secured Creditors in which case such date will be 45 Business Days after the date upon which the Security Trustee gives such notice) (the "**Decision Date**"). If the Note Trustee and/or the relevant US PP Noteholder has not notified the Security Trustee of its instructions in relation to a decision by the Decision Date, then in respect of any decision which is required to be made by the Majority Creditors, the Outstanding Principal Amount in respect of the MTN Notes and/or relevant US PP Notes (as applicable) shall be excluded from:

- (i) the Outstanding Principal Amount to be considered as voting in favour of the relevant decision (the numerator); and
- (ii) the Outstanding Principal Amount to be used for determining whether the requisite percentage of votes has been cast in favour of the matter in question (the denominator),

for the purpose of determining whether the requisite voting levels have been attained in relation to that decision. Noteholders can therefore be bound by the result of a particular decision (as defined in this risk factor) in respect of which they have not voted, including, for the avoidance of doubt, a decision (as defined in this risk factor) in relation to the enforcement of the Security, even where the Note Trustee, representing the Noteholders, or a US PP Noteholder would (but for the requirement to provide a vote by the Decision Date as described above), whether by itself or with one or more other Qualifying Secured Creditor Representatives, constitute the Majority Creditors.

#### *Modification, waivers and substitution*

The Terms and Conditions of the MTN Notes contain provisions for calling meetings of MTN Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all MTN Noteholders including MTN Noteholders who did not attend and vote at the relevant meeting and MTN Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the MTN Notes also provide that the Note Trustee may, without the consent of MTN Noteholders, agree to (a) any modification of any of the provisions of the Note Trust Deed or any Finance Document to which the Note Trustee is a party that is, in the opinion of the Note Trustee, of a formal, minor or technical nature or is made to correct a manifest error, (b) any Benchmark Amendments (as defined in the Conditions) in the circumstances and as otherwise set out in Condition 4.3.7, (c) any other modification (except as mentioned in the Note Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Note Trust Deed or any other Finance Document to which the Note Trustee is a party that is in the opinion of the Note Trustee not materially prejudicial to the interests of the MTN Noteholders or (d) the substitution of another company as principal debtor under any MTN Notes in place of the Issuer or the Guarantors, in the circumstances described in Condition 12 of the MTN Notes. In addition, pursuant to Condition 4.3.7, certain changes may be made to the interest calculation provisions of the Floating Rate Notes in the circumstances set out in Condition 4.3.7, without the requirement for the consent of the Trustee or the Noteholders. See *“Regulation and reform of LIBOR, EURIBOR or other “benchmarks” could adversely affect any Notes linked to such “benchmarks”* above.

The Terms and Conditions of the US PP Notes provide that, subject to the terms of the STID, the Terms and Conditions of the US PP Notes, the Note Purchase Agreement and the US PP Notes may be amended, and the observance of any term of the Terms and Conditions of the US PP Notes, the Note Purchase Agreement and the US PP Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Issuer and the Required US PP Holders, except that (a) no amendment or waiver of any of the provisions of Condition 1 or 3 of the Terms and Conditions of the US PP Notes or Sections 1, 2, 3, 4, 5, 6 or 20 of the Note Purchase Agreement, or any defined term (as it is used therein), will be effective as to any US PP Noteholder unless consented to by such US PP Noteholder in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each US PP Note at the time outstanding affected thereby, (i) subject to the provisions of Condition 7.1 of the US PP Notes relating to acceleration, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount, Net Loss or Net Gain (each as defined in the Terms and Conditions of the US PP Notes) on or in respect of the US PP Notes, (ii) change the percentage of the principal amount of the US PP Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend Condition 5, 6, 7, 8, 12 or 15 of the US PP Notes or Sections 8, 9, 10, 11, 16, 19 or 22 of the Note Purchase Agreement.

### *English law security and insolvency considerations*

The Issuer will enter into the Security Agreement and other Security Documents pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes. If certain insolvency proceedings are commenced in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the Security impaired.

The Insolvency Act allows for the appointment of an administrative receiver in relation to certain transactions in the capital markets. Although there is as yet no case law on how these provisions will be interpreted, it should be applicable to the floating charge created by the Issuer and granted by way of security to the Security Trustee. However, as this is partly a question of fact, were it not to be possible to appoint an administrative receiver in respect of the Issuer, the Issuer would be subject to administration if it became insolvent which may lead to the ability to realise the security being delayed and/or the value of the security being impaired.

In addition, it should be noted that, to the extent that the assets of the Issuer are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the Insolvency Act, certain floating charge realisations which would otherwise be available to satisfy the claims of Secured Creditors under the Security Agreement or other Security Document may be used to satisfy any claims of unsecured creditors. While certain of the covenants given by the Issuer in the Finance Documents are intended to ensure that it has no significant creditors other than the Secured Creditors under the Security Agreement, it will be a matter of fact as to whether the Issuer has any other such creditors at any time. There can be no assurance that the Noteholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Security.

While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent, there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency proceedings and/or that the Noteholders would not be adversely affected by the applications of insolvency laws (including English insolvency laws).

### *Fixed charges may take effect under English law as floating charges*

The law in England and Wales relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than by way of assignment in security) may take effect under English law as floating charges only if, for example, it is determined that the Security Trustee does not exert sufficient control over the assets subject to such charge. If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets.

The interests of the Secured Creditors in property and assets over which there is a floating charge will rank behind the expenses of any administration or liquidator and the claims of certain preferential creditors on enforcement of the Security. Section 251 of the Enterprise Act 2002 abolishes Crown Preference in relation to all insolvencies and thus reduces the categories of preferential debts that are to be paid in "prescribed part" (up to a maximum amount of £600,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the expenses of any administration, the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to Noteholders. The prescribed part will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors.

### *Change of law*

The Terms and Conditions of the MTN Notes and Terms and Conditions of the US PP Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative

practice after the date of issue of the relevant Notes and any such change could materially adversely impact the value of any Notes affected by it.

#### *Specified Denominations*

The Notes are issued in the Specified Denomination shown in the relevant Final Terms. Such Final Terms may also state that the Notes will be tradable in the Specified Denomination and integral multiples in excess thereof but which are smaller than the Specified Denomination. Where such MTN Notes are traded in the clearing systems, it is possible that the clearing systems may process trades which could result in amounts being held in denominations smaller than the Specified Denomination.

If Definitive Notes are required to be issued in relation to such MTN Notes, a holder who does not hold a principal amount of MTN Notes at least equal to the Specified Denomination in his account at the relevant time, may not receive all of his entitlement in the form of Definitive Notes and, consequently, may not be able to receive interest or principal in respect of all of his entitlement, unless and until such time as his holding becomes at least equal to the Specified Denomination.

#### ***Risks related to the market generally***

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

##### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

##### *The Clearing Systems*

Because the Global Notes may be held by or on behalf of Euroclear and Clearstream, Luxembourg investors in MTN Notes will have to rely on the procedures of Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer.

MTN Notes issued under the Programme may be represented by one or more temporary Global Notes or permanent Global Notes. Such Global Notes may be deposited with the Common Depositary or Common Safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the interests in the Global Notes. While the MTN Notes are represented by one or more Global Notes, investors will be able to trade their interests only through Euroclear or Clearstream, Luxembourg.

While MTN Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under such MTN Notes by making payments to the Common Depositary or a Common Service Provider, as the case may be, for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of an interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant MTN Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, interests in the Global Notes.

Holders of interests in the Global Notes will not have a direct right to vote in respect of the relevant MTN Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear or Clearstream, Luxembourg.

*Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*Interest rate risks*

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Note this will adversely affect the value of Fixed Rate Notes.

*Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Issuer or an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended).

## TERMS AND CONDITIONS OF THE MTN NOTES

*The following is the text of the terms and conditions which, save for the text in italics and subject to completion by Part A of the relevant Final Terms, will be endorsed on the MTN Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (a) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (b) these terms and conditions as so completed (and subject to simplification by the dis-application of non-applicable provisions), shall be endorsed on such MTN Notes. All capitalised terms which are not defined in these Conditions will have the meanings given to them in the Note Trust Deed or Part A of the relevant Final Terms. Those definitions will be endorsed on the Definitive Notes. References in these terms and conditions to “Notes” are to the MTN Notes of one Series only of the Issuer (as defined below), not to all Notes that may be issued under the Programme. In the case of PSM Notes issued under the Programme, references to the Final Terms in these Conditions shall be construed as references to the Pricing Supplement.*

Quadgas Finance plc (the “**Issuer**”) has established a Secured Debt Issuance Programme (the “**Programme**”) for the issuance of notes (the “**Notes**”).

The Notes are constituted by a Note Trust Deed (as amended or supplemented from time to time, the “**Note Trust Deed**”) dated on or around 19 December 2018 between the Issuer, Quadgas MidCo Limited (“**MidCo**”), Quadgas PledgeCo Limited (“**PledgeCo**” and together with MidCo, the “**Guarantors**”) and U.S. Bank Trustees Limited (the “**Note Trustee**”, which expression shall include all persons for the time being the note trustee or note trustees under the Note Trust Deed) as trustee for the MTN Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Note Trust Deed, which includes the form of the Definitive Notes, the Coupons and Talons referred to below. An MTN Agency Agreement (as amended or supplemented from time to time, the “**MTN Agency Agreement**”) dated 14 December 2017 has been entered into in relation to the Notes between the Issuer, the Guarantors, the Note Trustee, Elavon Financial Services DAC, UK Branch as initial MTN issuing and paying agent and the other agent(s) named in it. The MTN issuing and paying agent, the MTN paying agent(s) and the MTN calculation agent(s) for the time being (if any) are referred to below respectively as the “**MTN Issuing and Paying Agent**”, the “**MTN Paying Agents**” (which expression shall include the MTN Issuing and Paying Agent) and the “**MTN Calculation Agent(s)**”. Copies of the Note Trust Deed and the MTN Agency Agreement are available for inspection by prior appointment during usual business hours at the registered office of the Note Trustee (as at 19 December 2018 at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR) and at the specified offices of the MTN Paying Agents.

On 21 March 2017, the Issuer entered into a security agreement (the “**Security Agreement**”) with U.S. Bank Trustees Limited as security trustee (the “**Security Trustee**”), pursuant to which the Issuer, MidCo and PledgeCo granted certain security (the “**Security**”) to the Security Trustee (for itself and on behalf of the Secured Creditors) and pursuant to which the Issuer, MidCo and PledgeCo gave the Guarantee. On 21 March 2017, the Issuer entered into a security trust and intercreditor deed (the “**STID**”) with, among others, the Security Trustee and other Secured Creditors and pursuant to which the Security Trustee holds the Security on trust for itself and the other Secured Creditors and the Secured Creditors agree to certain intercreditor arrangements.

On 21 March 2017, the Issuer entered into a common terms agreement (the “**Common Terms Agreement**”) with, among others, the Security Trustee, pursuant to which the Issuer makes certain representations, warranties and covenants and which sets out in Schedule 4 (*Events of Default*) thereof the Events of Default (as defined therein) in relation to the Notes.

The MTN Noteholders, the holders of the interest coupons (the “**Coupons**”) appertaining to interest bearing Notes and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all

the provisions of the Note Trust Deed (including the Guarantee (as defined below)) and are deemed to have notice of those provisions of the MTN Agency Agreement applicable to them.

In these Conditions, “**MTN Noteholder**” means the bearer of any MTN Note of one Series only of the Issuer, “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any MTN Note, Coupon or Talon.

## **1 Form, Denomination and Title**

The Notes are issued in bearer form in the Specified Denomination(s) specified in the relevant Final Terms and are serially numbered. Notes of one Specified Denomination are not exchangeable for Notes of another Specified Denomination. The Notes will be issued in a minimum denomination of not less than €100,000 or the equivalent in any other currency on the relevant Issue Date.

This Note is a Fixed Rate Note, a Floating Rate Note, an Index Linked Interest Note or an Index Linked Redemption Note, or a combination of any of the preceding, depending upon the Interest and Redemption/Payment Basis specified in the relevant Final Terms.

Notes are issued with Coupons (and, where appropriate, a Talon) attached. Talons may be required if more than twenty-seven coupon payments are to be made with regards to the relevant Notes.

Title to the Notes and the Coupons and Talons shall pass by delivery and, except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Guarantors and the MTN Paying Agents shall be entitled to treat the bearer of any Note, Coupon or Talon as the absolute owner of that Note, Coupon or Talon, as the case may be, and shall not be required to obtain any proof of ownership as to the identity of the bearer.

## **2 Status, Guarantee and Security**

### **2.1 Status**

The Notes and Coupons relating to them are secured, direct and unconditional obligations of the Issuer, at all times ranking *pari passu* and without any preference among themselves, secured in the manner described in Condition 2.2 (*Guarantee and Security*).

## **2.2 Guarantee and Security**

Each Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Note Trust Deed, the Notes and the Coupons. Each Guarantor's obligations in that respect (the "Guarantee") are contained in the Security Agreement.

Under the Security Agreement, each Obligor guarantees the obligations of each other Obligor under the Finance Documents to the Security Trustee for itself and on behalf of the Secured Creditors (including, without limitation, MTN Noteholders and the Note Trustee for itself and on behalf of the MTN Noteholders) and secures such obligations upon the whole of its property, undertaking and assets.

There is no intention to create further security for the benefit of the holders of Notes issued after the Initial Issue Date. All Notes issued by the Issuer under the Programme and any additional creditor of the Issuer acceding to the STID will share in the Security constituted by the Security Documents.

In these Conditions:

"Obligors" means the Issuer, MidCo and PledgeCo.

## **2.3 Relationship among MTN Noteholders and with other Secured Creditors**

The Note Trust Deed contains provisions detailing the Note Trustee's obligations to consider the interests of the MTN Noteholders as regards all powers, trusts and authorities, duties and discretions of the Note Trustee.

The STID provides that the Security Trustee (except in relation to its Reserved Matters and Entrenched Rights and subject to certain exceptions) will act on instructions of the Majority Creditors (including the Note Trustee as trustee for and representative of the MTN Noteholders) and, when so doing, the Security Trustee is not required to have regard to the interests of any Secured Creditor (including the Note Trustee as trustee for and representative of the MTN Noteholders or any individual MTN Noteholder) in relation to the exercise of such rights and, consequently, has no liability to the MTN Noteholders as a consequence of so acting.

## **2.4 Enforceable Security**

In the event of the Security becoming enforceable as provided in the STID, the Security Trustee shall, if instructed by the Majority Creditors, enforce its rights with respect to the Security, but without any liability as to the consequence of such action and without having regard to the effect thereof on, or being required to account for such action to, any particular Secured Creditor (including the Note Trustee as trustee for the MTN Noteholders or any individual MTN Noteholder), provided that the Security Trustee shall not be obliged to take any action unless it is indemnified and/or secured and/or pre-funded to its satisfaction.

## **2.5 Application after Enforcement**

After enforcement of the Security, the Security Trustee shall (to the extent that such funds are available) use funds standing to the credit of the Accounts to make payments in accordance with the Payment Priorities (as set out in the Common Terms Agreement).

## **2.6 Note Trustee and Security Trustee not liable for security**

The Note Trustee and the Security Trustee will not be liable for any failure to make the usual investigations or any investigations which might be made by a security holder in relation to the property which is the subject of the Security, and shall not be bound to enquire into or be liable for any defect or failure in the right or title of the relevant Obligor to the Security, whether such defect or failure was known to the Note Trustee or the Security Trustee or might have been discovered

upon examination or enquiry or whether capable of remedy or not, nor will it have any liability for the enforceability of the Security created under the Security Documents whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting such Security. The Note Trustee and the Security Trustee have no responsibility for the value of any such Security.

### **3 Covenants**

For so long as any Note or Coupon remains outstanding (as defined in the Note Trust Deed), the Issuer and the Guarantors have agreed to comply with the covenants expressed to be given by it as set out in Schedule 2 (*Covenants*) to the Common Terms Agreement.

The Note Trustee shall be entitled to rely absolutely on a certificate of any two Authorised Signatories of the Issuer in relation to any matter relating to such covenants and to accept without enquiry or liability any such certificate as sufficient evidence of the relevant fact or matter stated in such certificate.

### **4 Interest**

#### **4.1 Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4.3.3.

#### **4.2 Interest on Floating Rate Notes and Index Linked Interest Notes**

##### **4.2.1 Interest Payment Dates**

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4.3.3. Such Interest Payment Date(s) is/are either specified in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are specified in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period specified in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

##### **4.2.2 Business Day Convention**

If any date which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Convention, such date shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day; (C) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month, in that event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

#### 4.2.3 Rate of Interest for Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and the provisions below relating to any of ISDA Determination, Screen Rate Determination or Linear Interpolation shall apply, depending upon which is specified in the relevant Final Terms.

- (A) ISDA Determination: Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the MTN Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate which would be determined by the MTN Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and the ISDA Benchmark Supplement and under which:
- (x) the Floating Rate Option is as specified in the relevant Final Terms;
  - (y) the Designated Maturity is a period specified in the relevant Final Terms; and
  - (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

- (B) Screen Rate Determination (LIBOR or EURIBOR): Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the MTN Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following and subject to Condition 4.3.7:
- (x) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
    - (a) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
    - (b) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,  
  
in each case appearing on such Page at the Relevant Time on the Interest Determination Date;
  - (y) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (x)(a) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if paragraph (x)(b) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the MTN Calculation Agent; and
  - (z) if paragraph (y) above applies and the MTN Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates,

subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the MTN Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the MTN Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro in those Member States of the European Union which are participating in European economic and monetary union as selected by the MTN Calculation Agent (the “Principal Financial Centre”) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the MTN Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) or (II) to leading banks carrying on business in the Principal Financial Centre; *except that*, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

- (C) Linear Interpolation: Where Linear Interpolation is specified in the relevant Final Terms as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the MTN Calculation Agent by straight line linear interpolation by reference to two rates based on the Relevant Rate (where Screen Rate Determination is specified in the relevant Final Terms as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified in the relevant Final Terms as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the MTN Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“Applicable Maturity” means: (a) in relation to Screen Rate Determination, the period of time designated in the Relevant Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

#### 4.2.4 Rate of Interest for Index Linked Interest Notes

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and interest will accrue accordingly.

### 4.3 Calculation of Interest

#### 4.3.1 Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall

continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 8).

#### **4.3.2 Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding**

- (A) If any Margin is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4.2, by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.
- (B) If any Maximum or Minimum Rate of Interest or Maximum or Minimum Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (C) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency which is available as legal tender in the country of such currency.

#### **4.3.3 Calculations**

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount as specified in the relevant Final Terms, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

#### **4.3.4 Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts or Make-whole Amounts**

The MTN Calculation Agent shall, as soon as practicable after the Relevant Time on each Interest Determination Date, or such other time on such date as the MTN Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Redemption Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount,

Optional Redemption Amount or Make-whole Amount to be notified to the Note Trustee, the Issuer, each of the MTN Paying Agents, the MTN Noteholders, any other MTN Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4.2.2, the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Note Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Note Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the MTN Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

#### 4.3.5 Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**“Adjustment Spread”** means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Rate, if no such recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser determines, is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (iii) if the Issuer determines that no such industry standard is recognised or acknowledged, the Independent Adviser determines to be appropriate.

**“Alternative Rate”** means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4.3.7(B) is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

“**Benchmark**” means LIBOR or EURIBOR, as may be specified in the relevant Final Terms.

“**Benchmark Amendments**” has the meaning given to it in Condition 4.3.7(D).

“**Benchmark Event**” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it will, by a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes, in each case; or
- (v) it has become unlawful for any Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”); and/or
- (iii) in the case of a currency and/or one or more Business Centres as specified in the relevant Final Terms, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency or, if no currency is indicated, generally in each of the Business Centres.

“**Calculation Amount**” means the amount specified as such in the relevant Final Terms.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual-ISDA**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (ii) if “**Actual/365 (Fixed)**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vi) if “**30E/360 (ISDA)**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30; and

- (vii) if “**Actual/Actual-ICMA**” is specified in the relevant Final Terms,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the actual number of days in the Calculation Period divided by the product of (x) the actual number of days in such Determination Period and (y) the number of Determination Periods in any year; and
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
- (x) the actual number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the actual number of days in such Determination Period and (2) the number of Determination Periods in any year; and
- (y) the actual number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the actual number of days in such Determination Period and (2) the number of Determination Periods in any year,

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date specified as such in the relevant Final Terms or, if none is so specified, the Interest Payment Date.

**“Effective Date”** means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the relevant Final Terms or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

**“EURIBOR”** means the euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate).

**“Independent Adviser”** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4.3.7(A).

**“Interest Accrual Period”** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

**“Interest Amount”** means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the relevant Final Terms, shall mean the Fixed Coupon Amount or Broken Amount specified in the relevant Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

**“Interest Commencement Date”** means the Issue Date or such other date as may be specified in the relevant Final Terms.

**“Interest Determination Date”** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

**“Interest Payment Date”** means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms, as the same may be adjusted in accordance with the relevant Business Day Convention.

**“Interest Period”** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date unless otherwise specified in the applicable Final Terms.

**“Interest Period Date”** means each Interest Payment Date unless otherwise specified in the relevant Final Terms.

**“ISDA Benchmark Supplement”** means the ISDA Benchmarks Supplement as published by the International Swaps and Derivatives Association, Inc., as may be amended or supplemented from time to time.

**“ISDA Definitions”** means the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc., as may be amended or supplemented from time to time.

**“LIBOR”** means the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate).

**“Original Reference Rate”** means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

**“Page”** means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Market 3000 (“Reuters”)) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may succeed or replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

**“Rate of Interest”** means the rate of interest payable from time to time in respect of this Note and that is either specified in, or calculated in accordance with the provisions of, the relevant Final Terms.

**“Redemption Amount”** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Redemption for Taxation Reasons), the Residual Holding Redemption Amount, the Optional Redemption Amount (Call Option), the Optional Redemption Amount (Optional Put Option), the Make-whole Amount, or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of the relevant Final Terms.

**“Reference Banks”** means the institutions specified as such in the relevant Final Terms or, if none, five leading banks selected by the MTN Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be Europe).

**“Relevant Financial Centre”** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such in the relevant Final Terms or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be Europe) or, if none is so connected, London.

**“Relevant Nominating Body”** means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the

administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**“Relevant Rate”** means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

**“Relevant Time”** means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre or, if no such customary local time exists, 11.00 hours in the Relevant Financial Centre and, for the purpose of this definition **“local time”** means, with respect to Europe as a Relevant Financial Centre, Brussels time.

**“Representative Amount”** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such in the relevant Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

**“Specified Currency”** means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Notes are denominated.

**“Specified Duration”** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the relevant Final Terms or, if none is specified, a period of time equal to the relevant Interest Accrual Period, ignoring any adjustment pursuant to Condition 4.2.2.

**“Successor Rate”** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

**“TARGET System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor to it.

#### **4.3.6 MTN Calculation Agent and Reference Banks**

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more MTN Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one MTN Calculation Agent is appointed in respect of the Notes, references in these Conditions to the MTN Calculation Agent shall be construed as each MTN Calculation Agent performing its respective duties under these Conditions. If the MTN Calculation Agent is unable or unwilling to act as such or if the MTN Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Make-whole Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Note Trustee) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) which is most closely

connected with the calculation or determination to be made by the MTN Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The MTN Calculation Agent may not resign its duties without a successor having been appointed as specified in this Condition 4.3.6.

#### **4.3.7 Benchmark Discontinuation**

##### **(A) Independent Adviser**

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.3.7(B)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4.3.7(C)) and any Benchmark Amendments (in accordance with Condition 4.3.7(D)).

An Independent Adviser appointed pursuant to this Condition 4.3.7 shall act in good faith as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Trustee, the Calculation Agent, or the Noteholders, or the Couponholders for any determination made by it, pursuant to this Condition 4.3.7.

If (x) the Issuer is unable to appoint an Independent Adviser; or (y) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4.3.7(A) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this Condition 4.3.7(A) shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.3.7(A).

##### **(B) Successor Rate or Alternative Rate**

If the Independent Adviser determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4.3.7(C)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.3.7); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4.3.7(C)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.3.7).

(C) **Adjustment Spread**

If the Independent Adviser determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(D) **Benchmark Amendments**

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4.3.7 and the Independent Adviser, determines (i) that amendments to these Conditions, the Agency Agreement and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.3.7(E), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Agency Agreement and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Authorised Signatories of the Issuer pursuant to Condition 4.3.7(E), the Trustee shall (at the expense and direction of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments, (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed) and the Trustee shall not be liable to any party for any consequence thereof, provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 4.3.7(D), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(E) **Notices**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4.3.7 will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 15, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer:

- (i) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4.3.7; and

- (ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

(F) **Survival of Original Reference Rate**

Without prejudice to the obligations of the Issuer under Conditions 4.3.7(A), 4.3.7(B), 4.3.7(C) and 4.3.7(D), the Original Reference Rate and the fallback provisions provided for in Condition 4.2.3(B) will continue to apply unless and until a Benchmark Event has occurred.

## 5 Indexation

This Condition 5 is applicable only if the relevant Final Terms specifies the Notes as Index Linked Notes.

### 5.1 Definitions

For the purposes of Conditions 5.1 to 5.6, unless the context otherwise requires, the following defined terms shall have the following meanings:

**"Base Index Figure"** means (subject to Condition 5.3(i)) the base index figure as specified in the relevant Final Terms;

**"CPI"** means the U.K. Consumer Prices Index (for all items) published by the Office for National Statistics (2015 = 100) or any comparable index which may replace the U.K. Consumer Prices Index for the purpose of calculating the amount payable on repayment of the Indexed Benchmark Gilt (if any). Where CPI is specified as the Index in the relevant Final Terms, any reference to the "Index Figure" which is specified in the relevant Final Terms as:

- (i) applicable to the first calendar day of any month shall, subject as provided in Conditions 5.3 and 5.5, be construed as a reference to the Index Figure published in the second month prior to that particular month and relating to the month before that of publication; or
- (ii) applicable to any other day in any month shall, subject as provided in Conditions 5.3 and 5.5, be calculated by linear interpolation between (x) the Index Figure applicable to the first calendar day of the month in which the day falls, calculated as specified in paragraph (i) above and (y) the Index Figure applicable to the first calendar day of the month following, calculated as specified in paragraph (i) above and rounded to the nearest fifth decimal place;

**"CPIH"** means the all items consumer prices index including owner occupiers' housing costs and council tax for the United Kingdom published by the Office for National Statistics (January 2015 = 100) or any comparable index which may replace the all items consumer prices index including owner occupiers' housing costs and council tax for the United Kingdom for the purpose of calculating the amount payable on repayment of the Indexed Benchmark Gilt (if any). Where CPIH is specified as the Index in the relevant Final Terms, any reference to the **"Index Figure"** which is specified in the relevant Final Terms as:

- (i) applicable to the first calendar day of any month shall, subject as provided in Conditions 5.3 and 5.5, be construed as a reference to the Index Figure published in the second month prior to that particular month and relating to the month before that of publication; or
- (ii) applicable to any other day in any month shall, subject as provided in Conditions 5.3 and 5.5, be calculated by linear interpolation between (x) the Index Figure applicable to the first calendar day of the month in which the day falls, calculated as specified in paragraph (i) above and (y) the Index Figure applicable to the first calendar day of the month following, calculated as specified in paragraph (i) above and rounded to the nearest fifth decimal place;

**“Her Majesty’s Treasury”** means Her Majesty’s Treasury or any officially recognised party performing the function of a calculation agent (whatever such party’s title), on its or its successor’s behalf, in respect of the Reference Gilt;

**“Index”** means, subject as provided in Condition 5.3(i), either RPI, CPI or CPIH as specified in the relevant Final Terms;

**“Index Figure”** has the definition given to such term in the definition of “CPI”, “CPIH” or “RPI”, as applicable;

**“Index Ratio”** applicable to any month or date, as the case may be, means the Index Figure applicable to such month or date, as the case may be, divided by the Base Index Figure and rounded to the nearest fifth decimal place;

**“Indexed Benchmark Gilt”** means the index-linked sterling obligation of the United Kingdom Government listed on the Official List of the Financial Conduct Authority (in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended) and traded on the London Stock Exchange whose average maturity most closely matches that of the Notes as a gilt -edged market maker or other adviser selected by the Issuer (an **“Indexation Adviser”**) shall determine to be appropriate;

**“Limited Index Linked Notes”** means Index Linked Notes to which a Maximum Indexation Factor and/or a Minimum Indexation Factor (as specified in the relevant Final Terms) applies;

**“Limited Index Ratio”** means (a) in respect of any month or date, as the case may be, prior to the relevant Issue Date, the Index Ratio for that month or date, as the case may be, (b) in respect of any Limited Indexation Date after the relevant Issue Date, the product of the Limited Indexation Factor for that month or date, as the case may be, and the Limited Index Ratio as previously calculated in respect of the month or date, as the case may be, twelve months prior thereto; and (c) in respect of any other month, the Limited Index Ratio as previously calculated in respect of the most recent Limited Indexation Month;

**“Limited Indexation Date”** means any date falling during the period specified in the relevant Final Terms for which a Limited Indexation Factor is to be calculated;

**“Limited Indexation Factor”** means, in respect of a Limited Indexation Month or Limited Indexation Date, as the case may be, the ratio of the Index Figure applicable to that month or date, as the case may be, divided by the Index Figure applicable to the month or date, as the case may be, twelve months prior thereto, provided that (a) if such ratio is greater than the Maximum Indexation Factor specified in the relevant Final Terms, it shall be deemed to be equal to such Maximum Indexation Factor and (b) if such ratio is less than the Minimum Indexation Factor specified in the relevant Final Terms, it shall be deemed to be equal to such Minimum Indexation Factor;

**“Limited Indexation Month”** means any month specified in the relevant Final Terms for which a Limited Indexation Factor is to be calculated;

**“Redemption Date”** means any date on which the Notes are redeemed in accordance with Condition 5.6, 6.1, 6.2, 6.4, 6.5 or 6.6;

**“Reference Gilt”** means the index-linked Treasury Stock/Treasury Gilt specified as such in the relevant Final Terms for so long as such gilt is in issue, and thereafter such issue of index-linked Treasury Stock/Treasury Gilt determined to be appropriate by an Indexation Adviser; and

**“RPI”** means the U.K. Retail Prices Index (for all items) published by the Office for National Statistics (January 1987 = 100) or any comparable index which may replace the U.K. Retail Prices Index for the purpose of calculating the amount payable on repayment of the Reference Gilt. Where RPI is specified as the Index in the relevant Final Terms, any reference to the “Index Figure” which is specified in the relevant Final Terms as:

- (i) applicable to a particular month, shall, subject as provided in Conditions 5.3 and 5.5, be construed as a reference to the Index Figure published in the seventh month prior to that particular month and relating to the month before that of publication; or
- (ii) applicable to the first calendar day of any month shall, subject as provided in Conditions 5.3 and 5.5, be construed as a reference to the Index Figure published in the second month prior to that particular month and relating to the month before that of publication; or
- (iii) applicable to any other day in any month shall, subject as provided in Conditions 5.3 and 5.5, be calculated by linear interpolation between (x) the Index Figure applicable to the first calendar day of the month in which the day falls, calculated as specified in paragraph (ii) above and (y) the Index Figure applicable to the first calendar day of the month following, calculated as specified in paragraph (ii) above and rounded to the nearest fifth decimal place.

## **5.2 Application of the Index Ratio**

Each payment of interest and principal in respect of the Notes shall be the amount provided in, or determined in accordance with, these Conditions, multiplied by the Index Ratio or Limited Index Ratio in the case of Limited Index Linked Notes applicable to the month or date, as the case may be, in or on which such payment falls to be made and rounded in accordance with Condition 4.3.2.

## **5.3 Changes in Circumstances Affecting the Index**

- (i) Change in base: If at any time and from time to time the Index is changed by the substitution of a new base therefor, then with effect from the month from and including that in which such substitution takes effect or the first date from and including that on which such substitution takes effect, as the case may be, (1) the definition of “Index” and “Index Figure” in Condition 5.1 shall be deemed to refer to the new date, month or year (as applicable) in substitution for January 1987 (where RPI is specified as the Index in the relevant Final Terms) or 2015 (where CPI or CPIH is specified as the Index in the relevant Final Terms) (or, as the case may be, to such other date, month or year as may have been substituted therefor), and (2) the new Base Index Figure shall be the product of the existing Base Index Figure and the Index Figure for the date on which such substitution takes effect, divided by the Index Figure for the date immediately preceding the date on which such substitution takes effect.
- (ii) Delay in publication of RPI if paragraph (i) of the definition of Index Figure for RPI is applicable: If the Index Figure which is normally published in the seventh month and which relates to the eighth month (the **“relevant month”**) before the month in which a payment is due to be made is not published on or before the fourteenth business day before the date on which such payment is due (the **“date for payment”**), the Index Figure applicable to the month in which the date for payment falls shall be (1) such substitute index figure (if any) as the Note Trustee considers (acting solely on the advice of the Indexation Adviser) to have

been published by the United Kingdom Debt Management Office or the Bank of England, as the case may be, (or such other body designated by the U.K. Government for such purpose) for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser (and approved by the Note Trustee (acting solely on the advice of the Indexation Adviser)) or (2) if no such determination is made by such Indexation Adviser within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 5.3(i)) before the date for payment.

- (iii) Delay in publication of relevant Index if paragraph (i) and/or (ii) of the definition of Index Figure for CPI or CPIH is applicable or if paragraph (ii) and/or (iii) of the definition of Index Figure for RPI is applicable: If the Index Figure relating to any month (the “**calculation month**”) which is required to be taken into account for the purposes of the determination of the Index Figure for any date is not published on or before the fourteenth business day before the date on which such payment is due (the “**date for payment**”), the Index Figure applicable for the relevant calculation month shall be (1) such substitute index figure (if any) as the Note Trustee considers (acting solely on the advice of the Indexation Adviser) to have been published by the United Kingdom Debt Management Office or the Bank of England, as the case may be, (or such other body designated by the U.K. Government for such purpose) for the purposes of indexation of payments on the Reference Gilt or the Indexed Benchmark Gilt (as applicable) or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser (and approved by the Note Trustee (acting solely on the advice of the Indexation Adviser)) or (2) if no such determination is made by such Indexation Adviser within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 5.3(i)) before the date for payment.

#### **5.4 Application of Changes**

Where the provisions of Condition 5.3(ii) or Condition 5.3(iii) apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in which the date for payment falls or the date for payment, as the case may be, shall be conclusive and binding. If, an Index Figure having been applied pursuant to Condition 5.3(ii)(2) or Condition 5.3(iii)(2), the Index Figure relating to the relevant month or relevant calculation month, as the case may be, is subsequently published while a Note is still outstanding, then:

- (i) in relation to a payment of principal or interest in respect of such Note other than upon final redemption of such Note, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced, as the case may be, by an amount equal to the shortfall or excess, as the case may be, of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of Condition 5.3(ii)(2) or Condition 5.3(iii)(2) below or above the amount of the relevant payment that would have been due if the Index Figure subsequently published had been published on or before the fourteenth business day before the date for payment; and
- (ii) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.

#### **5.5 Material Changes to or Cessation of the Index**

- (i) Material changes to the relevant Index:
  - (a) CPI and CPIH: Where CPI or CPIH is specified in the relevant Final Terms as the Index and any change is made to the coverage or the basic calculation of such Index which constitutes a fundamental change which would, in the opinion of either the Issuer or the Note Trustee (acting solely on the advice of an Indexation Adviser), be

materially prejudicial to the interests of the Issuer or the MTN Noteholders, as the case may be, the Issuer or the Note Trustee (as applicable) shall give written notice of such occurrence to the other party.

Promptly after the giving of such notice, the Issuer and the Note Trustee (acting solely on the advice of the Indexation Adviser) together shall seek to agree for the purpose of the Notes one or more adjustments to CPI or CPIH (as applicable) or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the MTN Noteholders in no better and no worse position than they would have been had the relevant fundamental change to CPI or CPIH (as applicable) not been made.

If the Issuer and the Note Trustee (acting solely on the advice of the Indexation Adviser) fail to reach agreement as mentioned above within 20 Business Days following the giving of notice as mentioned above, a bank or other person in London shall be appointed by the Issuer and the Note Trustee or, failing agreement on and the making of such appointment within 20 Business Days following the expiry of the 20 day period referred to above, by the Note Trustee (acting solely on the advice of the Indexation Adviser) (in each case, such bank or other person so appointed being referred to as the “**Expert**”), to determine for the purpose of the Notes one or more adjustments to CPI or CPIH (as applicable) or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the MTN Noteholders in no better and no worse position than they would have been had the relevant fundamental change to CPI or CPIH (as applicable) not been made. Any Expert so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Expert and of any Indexation Adviser and of any of the Issuer and the Note Trustee in connection with such appointment shall be borne by the Issuer.

- (b) RPI: Where RPI is specified in the relevant Final Terms as the Index and if notice is published by Her Majesty’s Treasury, or on its behalf, following a change to the coverage or the basic calculation of such Index, then the MTN Calculation Agent shall make any such adjustments to the Index consistent with any adjustments made to the index as applied to the Reference Gilt.

(ii) Cessation of the relevant Index:

If the Note Trustee and the Issuer have been notified by the MTN Calculation Agent that the relevant Index has ceased to be published, or if Her Majesty’s Treasury or the Office for National Statistics, as the case may be, or a person acting on its behalf, announces that it will no longer continue to publish the relevant Index, then the MTN Calculation Agent shall determine a successor index *in lieu* of any previously applicable index (the “**Successor Index**”) by using the following methodology:

- (a) if at any time a successor index has been designated by Her Majesty’s Treasury in respect of the Reference Gilt, such successor index shall be designated the “**Successor Index**” for the purposes of all subsequent Interest Payment Dates, notwithstanding that any other Successor Index may previously have been determined under paragraph (b) or (c) below. This provision will only be applicable when RPI is specified in the relevant Final Terms as the Index; or
- (b) the Issuer and the Note Trustee (acting solely on the advice of the Indexation Adviser) together shall seek to agree for the purpose of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the MTN Noteholders in no better and no worse position than they would have been had the Index not ceased to

be published. If the relevant Final Terms specify RPI as the Index then this paragraph (b) will only be applicable provided the Successor Index has not been determined under paragraph (a) above; or

- (c) if the Issuer and the Note Trustee (acting solely on the advice of the Indexation Adviser) fail to reach agreement as mentioned above within 20 business days following the giving of notice as mentioned in paragraph (ii), a bank or other person in London shall be appointed by the Issuer and the Note Trustee or, failing agreement on and the making of such appointment within 20 business days following the expiry of the 20 day period referred to above, by the Note Trustee (acting solely on the advice of the Indexation Adviser) (in each case, such bank or other person so appointed being referred to as the “**Expert**”), to determine for the purpose of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the MTN Noteholders in no better and no worse position than they would have been had the Index not ceased to be published. Any Expert so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Expert and of any Indexation Adviser and of any of the Issuer and the Note Trustee in connection with such appointment shall be borne by the Issuer.
- (iii) Adjustment or replacement: The Index shall be adjusted or replaced by a substitute index pursuant to the foregoing paragraphs, as the case may be, and references in these Conditions to the Index and to any Index Figure shall be deemed amended in such manner as the Note Trustee (acting solely on the advice of the Indexation Adviser) and the Issuer agree are appropriate to give effect to such adjustment or replacement. Such amendments shall be effective from the date of such notification and binding upon the Issuer, the Guarantors, the Note Trustee and the MTN Noteholders, and the Issuer shall give notice to the MTN Noteholders in accordance with Condition 15 of such amendments as promptly as practicable following such notification or adjustment.

## **5.6 Redemption for Index Reasons**

If either (i) the Index Figure for three consecutive months is required to be determined on the basis of an Index Figure previously published as provided in Condition 5.3(ii)(2) or Condition 5.3(iii)(2), as applicable and the Note Trustee has been notified by the MTN Calculation Agent that publication of the Index has ceased or (ii) notice is published by Her Majesty's Treasury, or on its behalf, following a change in relation to the Index, offering a right of redemption to the holders of the Reference Gilt or the Indexed Benchmark Gilt (as applicable), and (in either case) no amendment or substitution of the Index shall have been designated by Her Majesty's Treasury in respect of the Reference Gilt or the Indexed Benchmark Gilt (as applicable) to the Issuer and such circumstances are continuing, the Issuer may, upon giving not more than 60 nor less than 30 days' notice to the MTN Noteholders (or such other notice period as may be specified in the relevant Final Terms) in accordance with Condition 15, redeem all, but not some only, of the Notes at their principal amount together with interest accrued but unpaid up to and including the date of redemption (in each case adjusted in accordance with Condition 5.2).

## **6 Redemption, Purchase and Options**

### **6.1 Final Redemption**

Unless previously redeemed, purchased and cancelled as provided below, this Note will be redeemed at its Final Redemption Amount (which, unless otherwise provided, is its principal amount) on the Maturity Date specified in the relevant Final Terms.

## **6.2 Redemption for Taxation Reasons**

If the Issuer (or, if the Guarantee were called, the Guarantors) satisfies the Note Trustee immediately before the giving of the notice referred to below that, on the occasion of the next payment in respect of the Notes, it would be unable to make such payment without having to pay additional amounts as described in Condition 8, and such requirement to pay such additional amounts arises by reason of a change in, or amendment to, the laws or regulations of the United Kingdom or any political sub-division or taxing authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations or in any applicable double taxation treaty or convention, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and such requirement cannot be avoided by the Issuer (or the Guarantors, as the case may be) taking reasonable measures available to it (such measures not involving any material additional payments by, or expense for, the Issuer (or the Guarantors, as the case may be)), the Issuer may, at its option, on any Interest Payment Date or, if so specified in the relevant Final Terms at any time, having given not less than 30 nor more than 45 days' notice to the MTN Noteholders (or such other notice period as may be specified in the relevant Final Terms) in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption Amount together with interest accrued to the date of redemption, provided that the date fixed for redemption shall not be earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantors, as the case may be) would be obliged to pay such additional amounts or make such withholding or deduction, as the case may be, were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6.2, the Issuer (or the Guarantors, as the case may be) shall deliver to the Note Trustee a certificate signed by any one director of the Issuer (or the Guarantors, as the case may be) stating that the requirement referred to above cannot be avoided by the Issuer (or the Guarantors, as the case may be) taking reasonable measures available to it and the Note Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out above in which event it shall be conclusive and binding on MTN Noteholders and Couponholders.

## **6.3 Purchases**

Each of the Issuer, the Guarantors and their respective subsidiary undertakings may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons appertaining to them are attached or surrendered with them) in the open market or otherwise at any price.

## **6.4 Early Redemption**

The Early Redemption Amount payable in respect of any Note, upon redemption of such Note pursuant to Condition 6.2, this Condition 6.4 or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified in the relevant Final Terms.

## **6.5 Redemption at the Option of the Issuer and Exercise of Issuer's Options**

### **6.5.1 Residual Holding Call Option**

If (i) Residual Holding Call Option is specified in the relevant Final Terms as applicable, and (ii) if at any time the Residual Holding Percentage or more of the aggregate principal amount of Notes originally issued shall have been redeemed or purchased and cancelled, the Issuer shall have the option to redeem such outstanding Notes in whole, but not in part, at their Residual Holding Redemption Amount. Unless otherwise specified in the relevant Final Terms, the Residual Holding Redemption Amount will be calculated by the MTN Calculation Agent by discounting the outstanding principal amount of the Notes and the remaining interest payments (if applicable) to the Maturity Date by a rate per annum

(expressed as a percentage to the nearest one hundred thousandth of a percentage point (with halves being rounded up)) equal to the Benchmark Yield, being the yield on the Benchmark Security at the close of business on the third Business Day prior to the date fixed for such redemption, plus the Benchmark Spread. Where the specified calculation is to be made for a period of less than one year, it shall be calculated using the Benchmark Day Count Fraction. The Issuer will give not less than 15 nor more than 30 days' irrevocable notice to the MTN Noteholders and the Note Trustee of any such redemption pursuant to this Condition 6.5.1.

#### **6.5.2 Call Option**

If Call Option is specified in the relevant Final Terms as applicable, the Issuer may, unless an Exercise Notice has been given pursuant to Condition 6.6, on giving not less than 15 nor more than 30 days' irrevocable notice to the MTN Noteholders (or such other notice period as may be specified in the relevant Final Terms), redeem, or exercise any Issuer's option in relation to, all or, if so provided, some of such Notes on any Optional Redemption Date(s) or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to but excluding the date fixed for redemption.

Any such redemption or exercise must relate to Notes of a principal amount at least equal to the minimum principal amount (if any) permitted to be redeemed specified in the relevant Final Terms and no greater than the maximum principal amount (if any) permitted to be redeemed specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition 6.5.2.

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to MTN Noteholders shall also contain the serial numbers of the Notes to be redeemed, which shall have been drawn in such place as the Note Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws, listing authority and stock exchange requirements.

#### **6.5.3 Make-whole Redemption Option**

If Make-whole Redemption Option is specified in the relevant Final Terms as applicable, the Issuer may, unless an Exercise Notice has been given pursuant to Condition 6.6, on giving not less than 15 nor more than 30 days' irrevocable notice to the MTN Noteholders (or such other notice period as may be specified in the relevant Final Terms), redeem, or exercise any Issuer's option in relation to, all or, if so provided, some of such Notes on any Make-whole Redemption Date(s). Any such redemption of Notes shall be at an amount equal to the higher of the following, in each case together with interest accrued to but excluding the date fixed for redemption:

- (i) the principal amount of the Note; and
- (ii) the principal amount of the Note multiplied by the price (as reported in writing to the Issuer and the Note Trustee by a financial adviser (the "**Financial Adviser**") appointed by the Issuer and approved by the Note Trustee) expressed as a percentage (rounded to the nearest fifth decimal places, 0.000005 being rounded upwards) at which the Gross Redemption Yield on the Notes on the Determination Date specified in the Final Terms is equal to the Gross Redemption Yield at the Quotation Time specified in the relevant Final Terms on the Determination Date of the Reference Bond specified in the relevant Final Terms (or, where the Financial Adviser advises the Note Trustee that, for reasons of illiquidity or otherwise, such

Reference Bond is not appropriate for such purpose, such other government stock as such Financial Adviser may recommend) plus any applicable Redemption Margin specified in the Final Terms,

(the “**Make-whole Amount**”).

Any such redemption or exercise must relate to Notes of a principal amount at least equal to the minimum principal amount (if any) permitted to be redeemed specified in the relevant Final Terms and no greater than the maximum principal amount (if any) permitted to be redeemed specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer’s option shall be exercised, on the date specified in such notice in accordance with this Condition 6.5.3.

In the case of a partial redemption or a partial exercise of an Issuer’s option, the notice to MTN Noteholders shall also contain the serial numbers of the Notes to be redeemed, which shall have been drawn in such place as the Note Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws, listing authority and stock exchange requirements.

In this Condition 6.5.3:

“**Gross Redemption Yield**” means a yield calculated in accordance with generally accepted market practice at such time, as advised to the Note Trustee by the Financial Adviser.

## **6.6 Redemption at the Option of MTN Noteholders and Exercise of MTN Noteholders’ Options**

If Optional Put Option is specified in the relevant Final Terms as applicable, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days’ notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem such Note on the Optional Redemption Date(s) (as specified in the relevant Final Terms) at its Optional Redemption Amount (as specified in the relevant Final Terms) together with interest accrued to the date fixed for redemption.

To exercise such option (which must be exercised on an Option Exercise Date) the holder must deposit such Note with any MTN Paying Agent at its specified office, together with a duly completed option exercise notice (“**Exercise Notice**”) in the form obtainable from any MTN Paying Agent within the MTN Noteholders’ Option Period (as specified in the relevant Final Terms). No Note so deposited and option exercised may be withdrawn (except as provided in the MTN Agency Agreement) without the prior consent of the Issuer.

## **6.7 Cancellation**

All Notes redeemed pursuant to any of the foregoing provisions will be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto). All Notes purchased by or on behalf of the Issuer, the Guarantors or any of their respective subsidiary undertakings may, at the option of the Issuer, be held, resold or surrendered together with all unmatured Coupons and all unexchanged Talons attached to them to a MTN Paying Agent for cancellation. Any Notes so purchased or otherwise acquired, for so long as they are held by the Issuer, the Guarantors or any of their respective subsidiary undertakings, shall not entitle the holder to vote at any meeting of MTN Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of MTN Noteholders or for the purposes of Condition 12.

## **7 Payments and Talons**

### **7.1 Payments**

Payments of principal and interest in respect of Notes will, subject as mentioned below, be made against presentation and surrender of the relevant, Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 7.5.4) or Coupons (in the case of interest, save as specified in Condition 7.5.4), as the case may be, at the specified office of any MTN Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre for that currency; provided that in the case of euro, the transfer shall be in a city in which banks have access to the TARGET System.

### **7.2 Payments in the United States**

Notwithstanding the above, if any Notes are denominated in U.S. dollars, payments in respect of them may be made at the specified office of any MTN Paying Agent in New York City in the same manner as specified above if (a) the Issuer shall have appointed MTN Paying Agents with specified offices outside the United States with the reasonable expectation that such MTN Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (b) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (c) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

### **7.3 Payments subject to Fiscal Laws etc.**

Save as provided in Condition 8, payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment and neither the Issuer nor the Guarantors will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commission or expenses shall be charged to the MTN Noteholders or Couponholders in respect of such payments.

### **7.4 Appointment of MTN Agents**

The MTN Issuing and Paying Agent, the MTN Paying Agents and the MTN Calculation Agent initially appointed by the Issuer and the Guarantors and their respective specified offices are listed below. The MTN Issuing and Paying Agent, the MTN Paying Agents and the MTN Calculation Agent act solely as agents of the Issuer and the Guarantors and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer and the Guarantors reserve the right at any time with the approval of the Note Trustee to vary or terminate the appointment of the MTN Issuing and Paying Agent, any other MTN Paying Agent or the MTN Calculation Agent and to appoint additional or other MTN Paying Agents, provided that the Issuer shall at all times maintain (i) a MTN Issuing and Paying Agent, (ii) a MTN Calculation Agent where the Conditions so require one and (iii) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, a MTN Paying Agent having a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority. As used in these Conditions, the terms “**MTN Issuing and Paying Agent**”, “**MTN Calculation Agent**”, and “**MTN Paying Agent**” include any additional or replacement MTN Issuing and Paying Agent, MTN Calculation Agent or MTN Paying Agent appointed under this Condition 7.4.

In addition, the Issuer shall forthwith appoint a MTN Paying Agent in New York City in respect of any Notes denominated in U.S. dollars in the circumstances described in Condition 7.2.

Notice of any such change or any change of any specified office shall promptly be given by the Issuer to the MTN Noteholders in accordance with Condition 15.

## 7.5 Unmatured Coupons and unexchanged Talons

- 7.5.1 Upon the due date for redemption of any Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- 7.5.2 Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- 7.5.3 Where any Note which provides that the relevant Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- 7.5.4 If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of that Note against presentation of that Note.

## 7.6 Non-business days

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7.6, “**business day**” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Financial Centres” in the relevant Final Terms and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro), which is a TARGET Business Day.

## 7.7 Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the MTN Issuing and Paying Agent in exchange for a further Coupon sheet (but excluding any Coupons which may have become void pursuant to Condition 9).

## 8 Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantors in respect of the Notes and the Coupons or under the Guarantee shall be without withholding or deduction for or on account of, any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the United Kingdom or any political sub-division of the United Kingdom or any authority in or of the United Kingdom having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer (or, as the case may be, the Guarantors) shall pay such additional amounts of principal and interest as will result in the receipt by the MTN Noteholders or, as the case may be, the Couponholders of the amounts which would otherwise have been received by them in respect of the

Notes or Coupons had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (a) by or on behalf of a holder who is liable to such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of such Note or Coupon; or
- (b) by or on behalf of a holder who would not be liable or subject to such deduction or withholding by making a declaration of non-residence or other claim for exemption to a tax authority; or
- (c) more than 30 days after the Relevant Date except to the extent that the holder would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days; or
- (d) by or on behalf of a holder who would have been able to avoid such withholding or deduction by satisfying any statutory or procedural requirements (including, without limitation, the provision of information).

Notwithstanding any other provision of the Conditions or the Note Trust Deed, any amounts to be paid in respect of the Notes by or on behalf of the Issuer (or the Guarantors, as the case may be), will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer, the Guarantors nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the MTN Noteholders in accordance with Condition 15 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Make-whole Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it or pursuant to Condition 7 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Note Trust Deed.

## 9 Prescription

Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless presented for payment within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 10 Events of Default

### 10.1 Events of Default

The Events of Default (as defined in the Master Definitions Agreement) relating to the Notes are set out in Schedule 4 (*Events of Default*) of the Common Terms Agreement.

Following the notification of an Event of Default, the STID provides for a Standstill Period to commence and for restrictions to apply to all Secured Creditors. The Common Terms Agreement also contains various Trigger Events that will, if they occur, (amongst other things) permit the Majority Creditors to commission an Independent Review, require MidCo to discuss its plans for appropriate remedial action and prevent the Obligors from making further Restricted Payments until the relevant Trigger Events have been remedied.

#### **10.1.1 Events of Default**

If any Event of Default occurs and is continuing, subject always to the terms of the STID, the Note Trustee may at any time (in accordance with the provisions of the Note Trust Deed and the STID), and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution, shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer at its registered office that the Notes are, and they shall accordingly immediately become due and repayable at their Early Redemption Amount together (if applicable) with accrued interest to the date of payment.

#### **10.1.2 Confirmation of no Default**

The Issuer, pursuant to the terms of the Common Terms Agreement, shall provide written confirmation to the Note Trustee, on a semi-annual basis, that no Default (as defined in the Master Definitions Agreement) has occurred.

#### **10.1.3 Enforcement of Security**

If the Note Trustee gives written notice to the Issuer and the Security Trustee that an Event of Default has occurred under the Notes of any Series, a Standstill Period shall commence. The Security Trustee may only enforce the Security acting in accordance with the STID and, subject to certain limitations on enforcement during a Standstill Period, on the instructions of the Majority Creditors.

#### **10.1.4 Automatic Acceleration**

In the event of the acceleration of the Secured Liabilities in accordance with the STID (other than Permitted Share Pledge Accelerations or Permitted Hedge Terminations (each as defined in the Master Definitions Agreement) as set out in the STID), the Notes of each Series shall automatically become due and repayable at their respective Early Redemption Amounts determined in accordance with Condition 6.4 (*Early Redemption*) plus accrued and unpaid interest thereon or as specified in the applicable Final Terms.

## **11 Enforcement**

Subject to the provisions of the STID, no MTN Noteholder or Couponholder shall be entitled to institute proceedings directly against the Issuer or the Guarantors unless the Note Trustee, having become bound to proceed, fails to do so within a reasonable time and such failure is continuing.

The Security Trustee will act (subject to Condition 10.1.3 (*Enforcement of Security*)) on the instructions of the Majority Creditors pursuant to the STID, and neither the Note Trustee nor the Security Trustee shall be bound to take any such action unless it is indemnified and/or secured and/or prefunded to its satisfaction against any and all fees, costs, expenses, liabilities, claims and demands to which it may thereby become liable or which it may incur by so doing.

## 12 Meetings of MTN Noteholders, Modifications and Substitution

### 12.1 Decisions of Majority Creditors

The STID contains provisions dealing with the manner in which matters affecting the interests of the Secured Creditors (including the Note Trustee and the MTN Noteholders) will be dealt with. MTN Noteholders will (subject to various Reserved Matters and Entrenched Rights) be bound by the decisions of the Majority Creditors (and additionally in a Default Situation, decisions made pursuant to the emergency instruction procedure (as set out in Clause 14.3 (*Emergency Instruction Procedure*) of the STID)).

As more fully set out in the STID and the Note Trust Deed, in respect of any STID Proposal which does not give rise to Entrenched Rights for such MTN Noteholders, each MTN Noteholder shall have one vote in respect of each pound sterling (or its equivalent expressed in sterling on the basis of the Exchange Rate) of Outstanding Principal Amount of Notes held or represented by it. Votes will be divided between votes cast in favour and votes cast against in an amount equal to the aggregate Outstanding Principal Amount of each Note that voted on the STID Proposals within the Decision Period. Votes cast in favour and votes cast against will then be aggregated by the Security Trustee with the votes cast for and against by the other Qualifying Secured Creditors.

For the purpose of voting in connection with a STID Direct Voting Matter, upon receipt thereof in accordance with the provisions of the STID, the Note Trustee shall promptly forward a copy of such notice to the MTN Noteholders in accordance with Condition 15 (*Notices*) requesting them to instruct the Note Trustee how to vote. After obtaining the instructions of the MTN Noteholders, the Note Trustee, subject to its being indemnified and/or secured and/or prefunded to its satisfaction, will vote in relation to the relevant STID Direct Voting Matter in accordance with such instructions and without liability to any person for so doing.

The Note Trustee shall not be entitled to convene a meeting of any one or more Series of MTN Noteholders to consider a STID Direct Voting Matter unless the STID Direct Voting Matter relates to an Entrenched Right in respect of which the Noteholders are the Affected Secured Creditors. If a STID Matter relates to an Entrenched Right in respect of which the Noteholders are the Affected Secured Creditors, such STID Matter shall not be a STID Direct Voting Matter and the Note Trustee shall be entitled to convene a meeting of any one or more Series of MTN Noteholders to consider such STID Matter and the Note Trustee shall (subject to any Emergency Instruction Notice) vote in accordance with a direction by the holders of such outstanding Notes by means of an Extraordinary Resolution of the relevant Series of Notes. In any case, the Note Trustee shall not be obliged to vote unless it has been indemnified and/or secured and/or prefunded to its satisfaction.

Whilst a Default Situation is subsisting, certain decisions and instructions may be required in a timeframe which does not allow the Note Trustee to convene MTN Noteholder meetings. To cater for such circumstances, the STID provides for an emergency instruction procedure. The Security Trustee will be required to act upon instructions contained in an emergency notice (an "**Emergency Instruction Notice**"). An Emergency Instruction Notice must be signed by Qualifying Secured Creditor Representatives (the "**EIN Signatories**") representing 66 $\frac{2}{3}$  per cent. or more of the aggregate Outstanding Principal Amount of the Qualifying Secured Debt after, inter alia, excluding from the Outstanding Principal Amount any Series of Notes which has not voted for or against the relevant STID Proposal or Direction Notice within 10 Business Days of the date on which the STID Proposal or Direction Notice is deemed to be given, the proportion of Qualifying Secured Debt in respect of which the Note Trustee is the Qualifying Secured Creditor Representative and in respect of which the Note Trustee has not voted. The Emergency Instruction Notice must specify in reasonable detail the action which the EIN Signatories require the Security Trustee to take and must contain a certification from each of the EIN Signatories (other than any Note Trustee) that in their reasonable opinion (a) the interests of the EIN

Signatories would be materially prejudiced unless the action which the EIN Signatories require or are approving the Security Trustee to take under the STID Matter is taken by the date specified in the Emergency Instruction Notice; and (b) (in the case of a STID Proposal only) such STID Proposal does not contravene the Entrenched Rights or Reserved Matters of any other Secured Creditor. To the extent that a Note Trustee is an EIN Signatory then paragraphs (a) and (b) shall not apply to it and instead such Note Trustee must provide confirmation that it has either signed such Emergency Instruction Notice in accordance with its discretionary powers under the relevant Note Trust Deed or that it has been directed by MTN Noteholders to provide such instruction.

## **12.2 Meetings of MTN Noteholders**

The Note Trust Deed contains provisions for convening meetings of MTN Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Note Trust Deed) of a modification of any of these Conditions or any provisions of the Note Trust Deed and any other Finance Document to which the Note Trustee is party (subject to the terms of the STID).

Such a meeting may be convened by MTN Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing MTN Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest on the Notes, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest is shown on the face of the Note, to reduce any such Minimum and/or Maximum Rate of Interest, (v) to vary any method of calculating the Final Redemption Amount pursuant to Condition 6.1 (*Final Redemption*), the Early Redemption Amount (Redemption for Taxation Reasons) pursuant to Condition 6.2 (*Redemption for Taxation Reasons*), the Residual Holding Redemption Amount pursuant to Condition 6.5.1 (*Residual Holding Call Option*), the Optional Redemption Amount (Call Option) pursuant to Condition 6.5.2 (*Call Option*), the Optional Redemption Amount (Optional Put Option) pursuant to Condition 6.6 (*Redemption at the Option of MTN Noteholders and Exercise of MTN Noteholders' Options*) or the Make-whole Amount pursuant to Condition 6.5.3 (*Make-whole Redemption Option*), (vi) to take any steps that as specified in the Note Trust Deed may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (vii) to change the currency of payment of the Notes or the Coupons, (viii) to modify the provisions concerning the quorum required at any meeting of MTN Noteholders or the majority required to pass an Extraordinary Resolution, or (ix) to modify or cancel the Guarantee, in which case the necessary quorum will be two or more persons holding or representing not less than two thirds, or at any adjourned meeting not less than one third of the principal amount of the Notes for the time being outstanding.

Any Extraordinary Resolution duly passed shall be binding on MTN Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders. The Note Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 95 per cent. in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of MTN Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more MTN Noteholders.

The Issuer may convene a meeting of MTN Noteholders jointly with the holders of all other notes issued pursuant to the MTN Agency Agreement and not forming a single series with the Notes to which meeting the provisions referred to above apply as if all such notes formed part of the same series, provided that the resolution does not or may not give rise to a conflict of interest between the Noteholders of the different Series concerned.

### **12.3 Modification of the Note Trust Deed**

The Note Trustee may agree, without the consent of the MTN Noteholders or Couponholders, to (i) (subject to the terms of the STID) any modification of any of the provisions of the Note Trust Deed, the Conditions or the Finance Documents to which the Note Trustee is a party that is, in the opinion of the Note Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) (except as mentioned in the Note Trust Deed and subject to the terms of the STID) any other modification and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Note Trust Deed, the Conditions or any Finance Document to which the Note Trustee is a party that is in the opinion of the Note Trustee not materially prejudicial to the interests of the MTN Noteholders.

In addition, (i) the Note Trustee shall agree to any amendment to these Conditions or the Programme Documents to which it is a party or in relation to which it holds security for certain purposes as further described in the Note Trust Deed, and (ii) the Note Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments in the circumstances and as otherwise set out in Condition 4.3.7 without the consent of the Noteholders or Couponholders.

Any such modification, additional provisions, authorisation or waiver shall be binding on the MTN Noteholders and the Couponholders and, if the Note Trustee so requires, such modification shall be notified to the MTN Noteholders as soon as practicable.

### **12.4 Substitution**

The Note Trust Deed contains provisions permitting the Note Trustee to agree, subject to such amendment of the Note Trust Deed and such other conditions as the Note Trustee may require, but without the consent of the MTN Noteholders or the Couponholders, to the substitution of certain other entities in place of the Issuer or Guarantors, or of any previous substituted company, as principal debtor or guarantor under the Note Trust Deed and the Notes. In the case of such a substitution the Note Trustee may agree, without the consent of the MTN Noteholders or the Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Note Trust Deed provided that such change would not in the opinion of the Note Trustee be materially prejudicial to the interests of the MTN Noteholders.

### **12.5 Entitlement of the Note Trustee**

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 12) the Note Trustee shall have regard to the interests of the MTN Noteholders as a class and shall not have regard to the consequences of such exercise for individual MTN Noteholders or Couponholders and the Note Trustee shall not be entitled to require, nor shall any MTN Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual MTN Noteholders or Couponholders.

## **13 Replacement of Notes, Coupons and Talons**

If a Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, listing authority and stock exchange regulations, at the specified office of such other MTN Paying Agent as may from time to time be designated by the Issuer or the Guarantors for the purpose and notice of whose designation is given to MTN Noteholders in accordance with Condition 15

on payment by the claimant of the fees and costs incurred in connection with that replacement and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer or the Guarantors on demand the amount payable by the Issuer or the Guarantors in respect of such Notes, Coupons or further Coupons) and otherwise as the Issuer and the Guarantors may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## **14 Further Issues**

The Issuer may from time to time without the consent of the MTN Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with an outstanding Series. References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition 14 and forming a single series with the Notes.

## **15 Notices**

All notices to the MTN Noteholders will be valid if published in a daily English language newspaper of general circulation in the United Kingdom (which is expected to be the Financial Times). If in the opinion of the Note Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of Notes in accordance with this Condition 15.

## **16 Indemnification of Note Trustee and Security Trustee**

### **16.1 Indemnification of Note Trustee**

The Note Trust Deed contains provisions for the indemnification of the Note Trustee and for its relief from responsibility, including provisions relieving it from any obligation to take proceedings to enforce repayment unless indemnified and/or secured and/or prefunded to its satisfaction. The Note Trustee is entitled to enter into business transactions with the Issuer, the Guarantors, the other Secured Creditors or any of their respective subsidiary undertakings, parent undertakings, joint ventures or associated undertakings without accounting for any profit resulting from these transactions and to act as trustee for the holders of any other securities issued by the Issuer or the Guarantors or any of its subsidiary undertakings, parent undertakings, joint ventures or associated undertakings.

### **16.2 Indemnification of Security Trustee**

Subject to the Entrenched Rights and Reserved Matters of the Security Trustee, the Security Trustee will only be required to take any action under or in relation to, or to enforce or protect the Security, or any other security interest created by a Finance Document, or a document referred to therein, if instructed to act by the Majority Creditors or Secured Creditors (or their representatives) (as appropriate) and if indemnified and/or secured and/or prefunded to its satisfaction.

## **17 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

## 18 Governing Law and Jurisdiction

- (a) The Note Trust Deed, the Notes, the Coupons, the Security Agreement, the Common Terms Agreement, the STID and the MTN Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law.
- (b) The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising from or connected with the Notes.
- (c) Each of the Issuer and the Guarantors agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) Nothing in this Condition 18 prevents the Note Trustee or any MTN Noteholder from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, the Note Trustee or MTN Noteholders may take concurrent Proceedings in any number of jurisdictions.

## **OVERVIEW OF PROVISIONS RELATING TO THE MTN NOTES WHILE IN GLOBAL FORM**

### **Initial Issue of MTN Notes**

If the Global Notes are intended to be issued in NGN form, the Global Notes will be delivered on or prior to the original issue date of the Tranche to the Common Safekeeper. Depositing the Global Notes with the Common Safekeeper does not necessarily mean that the MTN Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

If the Global Notes are to be issued in NGN form, the Issuer shall confirm to the MTN Issuing and Paying Agent and to the clearing systems whether or not such Global Notes are intended to be held in a manner which would allow recognition as eligible collateral for Eurosystem monetary policy and intra-day credit operations and if such relevant Global Note is to be deposited with one of the ICSDs as Common Safekeeper.

Global Notes which are issued in CGN form may be delivered on or prior to the original issue date of the Tranche to the Common Depositary.

If the Global Note is a CGN, upon the initial deposit of a Global Note with the Common Depositary for Euroclear and Clearstream, Luxembourg, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of MTN Notes equal to the principal amount thereof for which it has subscribed and paid. If the Global Note is an NGN, the principal amount of the MTN Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the principal amount of MTN Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

MTN Notes which are initially deposited with the Common Depositary or Common Safekeeper, as applicable, may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, MTN Notes that are initially deposited with another clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### **Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an “**Alternative Clearing System**”) as the holder of a MTN Note represented by a Global Note must look solely to Euroclear, Clearstream, Luxembourg or an Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the MTN Notes for so long as the MTN Notes are represented by such Global Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

The Note Trustee may call for any certificate or other document to be issued by Euroclear, Clearstream, Luxembourg or any other clearing system as to the principal amount of MTN Notes represented by a Global Note standing to the account of any person. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any

such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Cedcom system) in accordance with its usual procedures and in which the holder of a particular principal amount of any other clearing system is clearly identified together with the amount of such holding. The Note Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by Euroclear, Clearstream, Luxembourg or any other clearing system and subsequently found to be forged or not authentic.

## **Exchange**

### **1 Temporary Global Notes**

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with TEFRA C or in a transaction to which TEFRA is not applicable (as to which, see "*Overview of the Programme – Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the MTN Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

### **2 Permanent Global Notes**

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "*Partial Exchange of Permanent Global Notes*", in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. An MTN Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of MTN Notes such that it holds an amount equal to one or more Specified Denominations.

Accordingly, the 'exchangeable upon 40 days' notice' option at item 25 of the applicable Final Terms of any relevant MTN Notes should not be expressed to be applicable if the stated Specified Denomination of the MTN Notes includes language substantially to the following effect "(€100,000) and integral multiples of (€1,000) in excess thereof up to and including (€199,000)".

### **3 Partial Exchange of Permanent Global Notes**

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if principal in respect of any MTN Notes is not paid when due.

### **4 Delivery of MTN Notes**

If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to

the order of the MTN Issuing and Paying Agent. In exchange for any Global Note, or the part of that Global Note to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate principal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes or, if the Global Note is an NGN, the Issuer will procure that details of such exchange be entered pro rata in the records of the relevant clearing system. In this Prospectus, “**Definitive Notes**” means, in relation to any Global Note, the Definitive Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Note Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

## 5 Exchange Date

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any MTN Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the MTN Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

### Amendment to Conditions

The temporary Global Notes and permanent Global Notes contain provisions that apply to the MTN Notes which they represent, some of which modify the effect of the terms and conditions of the MTN Notes set out in this Prospectus. The following is a summary of certain of those provisions:

#### 1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with TEFRA D before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership. All payments in respect of MTN Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the MTN Notes, surrender of that Global Note to or to the order of the MTN Issuing and Paying Agent or such other MTN Paying Agent as shall have been notified to the MTN Noteholders for such purpose. Each payment so made will to the relevant extent discharge the Issuer’s obligations to make the relevant payment in respect of the MTN Notes represented by that Global Note. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the MTN Notes. If the Global Note is an NGN, the Issuer shall procure that details of each such payment shall be entered pro rata in the records of the relevant clearing system and in the case of payments of principal, the principal amount of the MTN Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer’s obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall

be disregarded in the definition of “**business day**” set out in Condition 7.6 (*Non-business days*) of any MTN Notes.

## **2 Prescription**

Claims against the Issuer in respect of MTN Notes which are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8 of any MTN Notes).

## **3 Meetings**

The holder of a permanent Global Note shall (unless such permanent Global Note represents only one MTN Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of MTN Noteholders and, at any such meeting, as having one vote in respect of each integral currency unit of the Specified Currency of the MTN Notes for which it may be exchanged in accordance with its terms.

## **4 Cancellation**

Cancellation of any MTN Note represented by a permanent Global Note which is required by the Conditions of any MTN Notes to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant permanent Global Note.

## **5 Purchase**

MTN Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiary undertakings if they are purchased together with the rights to receive all future payments of interest (if any) on those MTN Notes.

## **6 Issuer’s Option**

Any option of the Issuer provided for in the Conditions of any MTN Notes while such MTN Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the MTN Noteholders within the time limits set out in and containing the information required by the Conditions of such MTN Notes, except that the notice shall not be required to contain the serial numbers of MTN Notes drawn in the case of a partial exercise of an option and accordingly no drawing of MTN Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the MTN Notes of any Series, the rights of accountholders with a clearing system in respect of the MTN Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg either as a pool factor or as a reduction in principal amount, at their discretion) or any other clearing system (as the case may be).

## **7 MTN Noteholders’ Options**

Any option of the MTN Noteholders provided for in the Conditions of any MTN Notes while such MTN Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the MTN Issuing and Paying Agent within the time limits relating to the deposit of MTN Notes with a MTN Paying Agent set out in the Conditions of such MTN Notes substantially in the form of the notice available from any MTN Paying Agent, except that the notice shall not be required to contain the serial numbers of the MTN Notes in respect of which the option has been exercised, and stating the principal amount of MTN Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note for notation. Where the Global Note is an NGN, the Issuer shall procure that

details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the principal amount of the MTN Notes recorded in those records will be reduced accordingly.

## 8 NGN principal amount

Where the Global Note is an NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the MTN Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the principal amount of the MTN Notes represented by such Global Note shall be adjusted accordingly.

## 9 Note Trustee's Powers

In considering the interests of MTN Noteholders while any Global Note is held on behalf of a clearing system, the Note Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note and may consider such interests as if such accountholders were the holders of the MTN Notes represented by such Global Note.

## 10 Events of Default

Each Global Note provides that the Note Trustee, at its discretion, may, and if so requested by holders of at least one-quarter in principal amount of the MTN Notes then outstanding or if so directed by an Extraordinary Resolution, shall cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 of any MTN Notes by stating in the notice to the Issuer the principal amount of such Global Note which is becoming due and repayable. If principal in respect of any MTN Note is not paid when due, only the Security Trustee may enforce the rights of the MTN Noteholders against the Issuer or the Guarantors under the terms of the STID.

## 11 Notices

So long as any MTN Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of MTN Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions of any MTN Notes or by delivery of the relevant notice to the holder of the Global Note. Any such notice shall be deemed to have been given to MTN Noteholders on the day it has been delivered to the relevant clearing systems.

### Electronic Consent and Written Resolution

While any Global Note is held on behalf of a clearing system, then:

- (a) approval of a resolution proposed by the Issuer, the Guarantors or the Note Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 95 per cent. in principal amount of the MTN Notes outstanding (an "**Electronic Consent**" as defined in the Note Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of MTN Noteholders duly convened and held, and shall be binding on all MTN Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Note Trust Deed) has been validly passed, the Issuer, the

Guarantors and the Note Trustee shall be entitled to rely (i) on consent or instructions given in writing directly to the Issuer, the Guarantors and/or the Note Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Note and/or, (ii) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer, the Guarantors and the Note Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (i) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the “**relevant clearing system**”) and, in the case of (ii) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (ii) above. Any resolution passed in such manner shall be binding on all MTN Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the MTN Notes is clearly identified together with the amount of such holding. None of the Issuer, the Guarantors or the Note Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## TERMS AND CONDITIONS OF THE US PP NOTES

*The following is the text of the terms and conditions which, save for the text in italics and subject to completion of Part A of the relevant Final Terms, will apply to the US PP Notes. Either (a) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (b) a Note Purchase Agreement including these terms and conditions as so completed (and subject to simplification by the dis-application of non-applicable provisions) together with the relevant provisions of Part A of the Final Terms, shall apply to such US PP Notes. All capitalised terms which are not defined in these Conditions will have the meanings given to them in the relevant Note Purchase Agreement or Part A of the relevant Final Terms. References in these terms and conditions to “Notes” are to the US PP Notes of one Series only of the Issuer (as defined below), not to all Notes that may be issued under the Programme. References to the Final Terms in these Conditions shall be construed as references to the Pricing Supplement.*

Quadgas Finance plc (the “**Issuer**”) has established a Secured Debt Issuance Programme (the “**Programme**”) for the issuance of notes (the “**Notes**”).

The Notes are constituted by a Note Purchase Agreement (as amended or supplemented from time to time, the “**Note Purchase Agreement**”) between the Issuer, Quadgas MidCo Limited (“**MidCo**”), Quadgas PledgeCo Limited (“**PledgeCo**” and together with MidCo, the “**Guarantors**”) and each purchaser of the Notes (the “**US PP Note Purchaser(s)**”). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Note Purchase Agreement, which includes the form of the Registered Notes referred to below.

The US PP Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the relevant Note Purchase Agreement (including the Guarantee (as defined below)).

### **1 Sale and Purchase of Notes, Guarantee and Security, and Payment Obligations**

#### **1.1 Sale and Purchase of Notes**

Subject to the terms and conditions of the Note Purchase Agreement and the relevant Final Terms, the Issuer will issue and sell to each US PP Note Purchaser and each US PP Note Purchaser will purchase from the Issuer, Notes on the relevant Issue Date, in the principal amount and the Specified Currency and of the series specified in the relevant Final Terms at the purchase price of 100 per cent. of the principal amount thereof.

#### **1.2 Guarantee and Security**

**1.2.1** The payment by the Issuer of all amounts due under or pursuant to any Finance Document (including the Notes and the relevant Note Purchase Agreement) and the performance by the Issuer of all the Secured Liabilities will be irrevocably and unconditionally guaranteed by each Guarantor pursuant to and in accordance with the Guarantee in the Security Agreement and/or (if applicable) any other Security Document to which it is party.

**1.2.2** The obligations of the Obligors under the Finance Documents will be secured by the Security under and pursuant to the terms of the Security Documents.

**1.2.3** The obligations of the Guarantors under and in respect of the relevant Note Purchase Agreement and the relevant Notes constitute “Secured Liabilities”.

#### **1.3 Payment Obligations**

The indemnities and other payment obligations under the relevant Note Purchase Agreement and the Notes are in addition to any indemnities and payment obligations under the CTA and

the STID (but, for the avoidance of doubt, the same amount shall not be recoverable more than once).

## **2 Interest**

### **2.1 Interest Payment**

On each Interest Payment Date the Issuer will pay accrued interest on the principal amount of the Notes outstanding as of the relevant date at the rate per annum (expressed as a percentage) equal to the Rate of Interest.

### **2.2 Interest Rate on Fixed Rate Notes**

The Rate of Interest in respect of Fixed Rate Notes shall be as specified in the relevant Final Terms.

### **2.3 Interest Rate on Floating Rate Notes**

**2.3.1** The Rate of Interest in respect of Floating Rate Notes shall be the Adjusted LIBOR Rate.

**2.3.2** The Adjusted LIBOR Rate applicable to Floating Rate Notes shall be determined by the Calculation Agent and notice of the Adjusted LIBOR Rate shall be given to the Issuer and the holders of Floating Rate Notes on the first day of each Interest Period, together with a copy of the relevant screen used for the determination of LIBOR (if determined with reference to the Screen Rate) or, in the absence of a Screen Rate, a calculation of the Reference Bank Rate for such Interest Period, showing the determination of that rate in reasonable detail, the number of days in such Interest Period and the amount of interest to be paid to each holder of Floating Rate Notes on such date. If the Required Holders do not concur with any determination of the Screen Rate by the Calculation Agent, within ten Business Days after receipt by the holders of a notice delivered by the Calculation Agent pursuant to this Condition 2.3, such Required Holders shall provide notice to the Issuer and the Calculation Agent, together with a copy of the relevant screen used for the determination of LIBOR (if determined with reference to the Screen Rate). Following receipt of such notice from the Required Holders the Calculation Agent shall re-determine the Adjusted LIBOR Rate applicable to the Floating Rate Notes by reference to the Screen Rate provided by the Required Holders and shall promptly give notice to the Issuer and the holders of the Floating Rate Notes of the Adjusted LIBOR Rate applicable to the Floating Rate Notes together with a copy of the relevant screen used for the determination of LIBOR. Any determination made in accordance with the provisions of this Condition 2.3 shall be binding upon the Issuer absent manifest error.

### **2.4 Interest Rate on Index Linked Notes**

The Rate of Interest in respect of Index Linked Notes shall be as specified in the relevant Final Terms, adjusted in accordance with Condition 4.1 (*Application of the Index Ratio*).

## **3 Representations and Covenants**

### **3.1 Representations**

Each Obligor, on a several basis and jointly with each other Obligor represents and warrants to each US PP Note Purchaser and each holder of a Note, on the Issue Date and each other time specified in the CTA, on the terms of the representations and warranties set out in part 1

and part 3 of schedule 1 (*Representations*) to the CTA and each Obligor acknowledges that each US PP Note Purchaser has entered into the Note Purchase Agreement in reliance on such representation and warranties.

### **3.2 Sanctions Representations and Covenants**

**3.2.1** Neither the Issuer nor any Affiliate (i) is a Sanctions Restricted Person, (ii) has been notified that its name appears or may in the future appear on a Sanctions List or (iii) is a target of sanctions that have been imposed by a Sanctioning Authority.

**3.2.2** Neither the Issuer nor any Affiliate (i) has violated, been found in violation of, or been charged or convicted under, any applicable Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws or (ii) to the Issuer's knowledge, is under investigation by any Governmental Authority for possible violation of any Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws.

**3.2.3** No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, in violation of, or cause any US PP Note Purchaser to be in violation of, any applicable Anti-Money Laundering Laws.

**3.2.4** The Issuer will not, and will not permit any Affiliate to:

(a) become (including by virtue of being owned or controlled by a Sanctions Restricted Person), own or control a Sanctions Restricted Person; or

(b) directly or indirectly have any investment in or engage in any dealing or transaction (including any investment, dealing or transaction involving the proceeds of the Notes) with any Person if such investment, dealing or transaction would be in violation of, or could result in the imposition of sanctions under, any Sanctions applicable to the Issuer or such Affiliate.

**3.2.5** It is acknowledged and agreed that Conditions 3.2.3 and 3.2.4 is only sought and given to the extent that to do so would not result in a breach and/or violation of any applicable Blocking Law. For the purposes of this Condition 3.2.5 "**Blocking Law**" means (i) any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the European Union or the United Kingdom) or (ii) section 7 of the German Foreign Trade Regulation (Außenwirtschaftsverordnung).

### **3.3 Tax Deed of Covenant Representation and Covenants**

**3.3.1** As at the Issue Date, the Issuer represents, warrants and (from the Issue Date) covenants to the Security Trustee as follows:

(a) as at the Issue Date, the Issuer's only activities have consisted of:

(I) certain administrative actions connected with its incorporation;

(II) entry into and performance of its obligations under the relevant Finance Documents; and

(III) activities incidental thereto;

(b) the Issuer has since the date of its incorporation:

(I) been solely resident in; and

(II) had its usual place of abode solely in, the United Kingdom for United Kingdom Tax purposes;

- (c) the Issuer's purposes for being party to the relevant Finance Documents do not include the securing of a tax advantage (as defined in section 1139 CTA 2010) for any other person;
- (d) the Issuer does not hold and at no time has held, whether legally or beneficially, any shares or other interest in any company (including, but not limited to, an interest in the capital or income of a company or voting rights in a company) (and therefore has no subsidiaries);
- (e) the Issuer does not and will not hold and at no time has held, whether legally or beneficially, any assets other than, on and from the Initial Issue Date, any MidCo Issuer/MidCo Loan Agreement, save to the extent reasonably incidental to the activities envisaged by the Finance Documents; and
- (f) the Issuer was incorporated on 13 February 2017.

**3.3.2** The representation in Condition 3.3.1(c) shall be deemed to be repeated by the Issuer at all times for so long as any of the Secured Liabilities remain outstanding.

**3.3.3** With effect on and from the Issue Date and for so long as any of the Secured Liabilities remain outstanding, the Issuer represents, warrants and covenants to the Security Trustee as follows:

- (a) the Issuer will continue to:
  - (I) be solely resident in; and
  - (II) have its usual place of abode solely in,
 

the United Kingdom for United Kingdom tax purposes and, with effect on and from the Issue Date solely within the charge to United Kingdom corporation tax in respect of its activities.
- (b) from the Issue Date, the Issuer will not take any action which would be inconsistent with it being and remaining a note-issuing company as defined in the Securitisation Regulations or that would cause it to cease to be taxed in accordance with regulation 14 of the Securitisation Regulations;
- (c) the Issuer will issue less than 50 per cent. of the Notes to persons who are connected to it on the Issue Date, and on any future issuances of Notes, the Issuer will ensure that less than 50 per cent. of the aggregate total Notes have been issued to persons who are connected to it. For the purposes of this Condition 3.3.3(c), "connected" shall have the meaning given in section 1122 CTA 2010 as modified by regulation 2(3) of the Securitisation Regulations;
- (d) the Issuer's functional currency will be Sterling;
- (e) the Issuer shall not carry on any trade or business activities other than those contemplated by the Finance Documents;
- (f) the Issuer will not hold, whether legally or beneficially, any shares or other interest in any company (including, but not limited to, an interest in the capital or income of a company or voting rights in a company) (and therefore will have no subsidiaries);
- (g) the Issuer will not at any time hold, whether legally or beneficially, any assets other than any MidCo Issuer/MidCo Loan Agreement, save to the extent reasonably incidental to the activities envisaged by the Finance Documents;

- (h) as and from the Issue Date, the Issuer is party to the MidCo Issuer/MidCo Loan Agreement as principal and not as agent, nominee or trustee for any other person and there are no arrangements which would prevent it from being beneficially entitled to the interest it receives from MidCo under such MidCo Issuer/MidCo Loan Agreement; and
- (i) the Issuer's issued share capital is £50,000, paid up in full and these are the only funds available to the Issuer prior to the Issue Date.

3.3.4 As at the Issue Date and for so long as any of the Notes remain outstanding the Issuer represents to MidCo that it is beneficially entitled to all interest payments under the MidCo Issuer/MidCo Loan Agreement.

### 3.4 STID and CTA Covenants

Each Obligor on a several basis and jointly with each other Obligor covenants with the US PP Note Purchasers and each other holder of a Note on the terms of the covenants contained in clause 16 (*Undertakings*) of the STID and schedule 2 (*Covenants*) to the CTA.

### 3.5 Sanctions

3.5.1 Each Obligor shall ensure that none of the proceeds of the Notes or any Authorised Credit Facility will directly or indirectly be used or paid: (a) to fund or facilitate any activities or business with any person that, at the time of such funding or facilitation, is the subject of Sanctions; (b) to fund or facilitate any activities of or business in any country or territory that is the target of country-wide or territory-wide Sanctions; or (c) for any purpose that will result in a violation by any person or entity of Sanctions.

3.5.2 The Issuer shall comply with Sanctions and maintain in effect and enforce policies and procedures designed to ensure such compliance and to prevent any action being taken that would be contrary to this Condition 3.5.

3.5.3 The Issuer shall, and shall procure that each other member of the Group will, promptly upon becoming aware of the same, supply to the US PP Note Purchasers details of any claim, action, suit, proceedings or investigation against it with respect to Sanctions.

3.5.4 It is acknowledged and agreed that Conditions 3.5.1 and 3.5.2 is only sought and given to the extent that to do so would not result in a breach and/or violation of any applicable Blocking Law. For the purposes of this Condition 3.5.4 "**Blocking Law**" means (i) any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the European Union or the United Kingdom) or (ii) section 7 of the German Foreign Trade Regulation (*Außenwirtschaftsverordnung*).

### 3.6 Use of Proceeds

The Issuer shall use the proceeds from the issuance of the Notes solely for the purpose of funding an advance under the MidCo Issuer/MidCo Loan Agreement and for no other purpose. The funds advanced under the MidCo Issuer/MidCo Loan Agreement will be used: (i) to refinance acquisition debt incurred by MidCo, on behalf of the Shareholders, for purposes of acquiring Cadent and its Subsidiaries or (ii) for general corporate purposes.

### 3.7 Information

So far as permitted by any applicable law, regulation, order or any binding confidentiality obligations, each Obligor agrees to supply to the US PP Note Purchasers and other holders of Notes such material information (including hedging information) about the business and financial condition of the Group (including the Issuer and Cadent) which is requested by any US PP Note Purchaser or other holder of a Note in relation to information readily available to the Obligors explaining the Financial Statements supplied under sub-paragraphs (a) and (b) of paragraph 1 (*Financial Statements*) of part 1 (*Information Covenants*) of schedule 2 (*Covenants*) to the CTA if such information has been requested by the SVO in order to assign or maintain a designation of the Notes, provided that the Obligors will not be obliged to provide any information for distribution to the US PP Note Purchasers and other holders of Notes if the relevant Obligor delivers to the US PP Note Purchasers and other holders of Notes a certificate signed by a director of the relevant Obligor certifying that such information is commercially sensitive and disclosure of such information would reasonably be expected to prejudice the outcome of ongoing negotiations by any member of the Group but subject to the condition that upon the conclusion of any such negotiations, the relevant information shall be disclosed otherwise in accordance with this Condition 3.7

### **3.8 Additional covenants given to Note Trustee**

The Issuer represents that any covenants given to the Note Trustee in accordance with clause 6.3.6 of the CTA are given to the Note Trustee in respect of its role as Note Trustee only and not for the benefit of the noteholders for whom it acts as trustee.

### **3.9 Credit Rating**

The Company shall use its reasonable endeavours to maintain an instrument rating for the Notes from one or more Rating Agencies (or such other nationally recognised rating agency as agreed by the US PP Note Purchasers) until the date on which the Notes are redeemed in full.

## **4 Indexation**

### **4.1 Application of the Index Ratio**

Each payment of principal and interest in respect of the Index Linked Notes shall be multiplied by the Index Ratio applicable to the month in which such payment falls, or is required, to be made and rounded in accordance with Condition 4.5 (*Rounding*).

### **4.2 Changes in Circumstances Affecting the Index**

**4.2.1 Change in Base:** If at any time and from time to time the Index is changed by the substitution of a new base therefor, then with effect from the calendar month from and including that in which such substitution takes effect (1) the definition of “**Index**” and “**Index Figure**” shall be deemed to refer to the new date or month in substitution for January 1987 (where RPI is specified as the Index in the relevant Final Terms) or 2015 (where CPI or CPIH is specified as the Index in the relevant Final Terms) (or, as the case may be, to such other date or month as may have been substituted therefor); and (2) the new Base Index Figure shall be the product of the existing Base Index Figure and the Index Figure immediately following such substitution, divided by the Index Figure immediately prior to such substitution.

**4.2.2 Delay in publication of RPI if paragraph (i) of the definition of Index Figure for RPI is applicable:** If the Index Figure which is normally published in the seventh month and which relates to the eighth month (the “**relevant month**”) before the month in which a payment is due to be made is not published on or before the fourteenth business day before the date on which such payment is due (the “**date for payment**”),

the Index Figure applicable to the month in which the date for payment falls shall be (1) such substitute index figure (if any) as has been published by the Bank of England or, as the case may be, the United Kingdom Debt Management Office (or such other designated debt manager of Her Majesty's Treasury, from time to time) for the relevant month for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser (and approved by the Majority Index-Linked Holders); or (2) if no such substitute index figure is published or selected by such Indexation Adviser within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 4.2.1 (*Change in Base*)) before the date for payment.

**4.2.3 Delay in publication of relevant Index if paragraph (i) and/or (ii) of the definition of Index Figure for CPI or CPIH is applicable or if paragraph (ii) and/or (iii) of the definition of Index Figure for RPI is applicable:** If the Index Figure relating to any month (the "calculation month") which is required to be taken into account for the purposes of the determination of the Index Figure applicable for any date is not published on or before the fourteenth Business Day before the date on which any payment of interest or principal on the Index Linked Notes is due (the "date for payment"), the Index Figure relating to the calculation month shall be (1) such substitute index figure (if any) as has been published by the Bank of England or, as the case may be, the United Kingdom Debt Management Office (or such other designated debt manager of Her Majesty's Treasury, from time to time) for the calculation month for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index linked Treasury Stock selected by an Indexation Adviser (and approved by the Majority Index-Linked Holders); or (2) if no such substitute index figure is published or selected by such Indexation Adviser within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 4.2.1 (*Change in Base*) above) before the date for payment.

### **4.3 Application of Changes**

If, an Index Figure having been applied pursuant to paragraph (2) of Condition 4.2.1, the Index Figure relating to the relevant month or calculation month, as the case may be, is subsequently published while any Note is still outstanding, then:

**4.3.1** in relation to a payment of principal or interest in respect of such Note other than upon final repayment of such Note, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced by an amount equal to (respectively) the shortfall or excess of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of paragraph (b) of Condition 4.2.1, below or above the amount of the relevant payment that would have been due if the Index Figure subsequently published had been published on or before the fourteenth Business Day before the date for payment; and

**4.3.2** in relation to a payment of principal or interest upon final repayment of a Note, no subsequent adjustment to amounts paid in respect of such Note will be made.

### **4.4 Cessation of or Fundamental Change to the Index**

**4.4.1** If (1) the Majority Index-Linked Holders notify the Issuer that the Index has ceased to be published; or (2) any change is made to the coverage or the basic calculation of the Index which constitutes a fundamental change which would, in the opinion of the Majority Index-Linked Holders acting reasonably, be materially prejudicial to the interests of the holders, the Majority Index-Linked Holders will give written notice of such occurrence to the Issuer, and the Issuer and the Majority Index-Linked Holders

together shall seek to agree, in each case acting reasonably, for the purpose of the Index Linked Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the holders of the Index Linked Notes in no better and no worse position than they would have been had the Index not ceased to be published or the relevant fundamental change not been made.

**4.4.2** If the Issuer and the Majority Index-Linked Holders fail to reach agreement as mentioned above within 20 Business Days following the giving of notice as mentioned in Condition 4.4.1, a bank or other person in London shall be appointed by the Issuer and the Majority Index-Linked Holders or, failing agreement on and the making of such appointment within 20 Business Days following the expiry of the day period referred to above, by the Issuer (acting reasonably)(in each case, such bank or other person so appointed being referred to as the "**Expert**"), to determine for the purpose of the Index Linked Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the holders of the Index Linked Notes in no better and no worse position than they would have been had the Index not ceased to be published or the relevant fundamental change not been made. Any Expert so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Expert and of any Indexation Adviser and of any of the Issuer and the holders of the Index Linked Notes in connection with such appointment shall be borne by the Issuer.

**4.4.3** The Index shall be adjusted or replaced by a substitute index as agreed by the Issuer and the Majority Index-Linked Holders or as determined by the Expert pursuant to the foregoing Conditions, as the case may be, and references in the Note or the Note Purchase Agreement to the Index and to any Index Figure shall be deemed amended in such manner as the Majority Index-Linked Holders and the Issuer agree are appropriate to give effect to such adjustment or replacement. Such amendments shall be effective from the date of such notification and binding upon the Issuer and each of the holders of the Index Linked Notes, and the Issuer shall give notice to each of the holders of the Index Linked Notes in accordance with Condition 13 (*Notices*) of such amendments as promptly as practicable following such notification.

#### **4.5 Rounding**

For the purposes of any calculations required pursuant to the Notes or the Note Purchase Agreement (unless otherwise specified):

**4.5.1** all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up);

**4.5.2** all figures will be rounded to seven significant figures (with halves being rounded up); and

**4.5.3** all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up).

#### **4.6 Principal Amount Outstanding**

For the avoidance of doubt, the "principal", "principal amount" and "Outstanding Principal Amount" of any Index Linked Note at any time shall be the original principal amount of that Index Linked Note as adjusted in accordance with the terms of this Condition 4, less any repayment or prepayment of principal made to the holder thereof in respect of such Index Linked Note.

## 5 Payment and Prepayment of the Notes

### 5.1 Maturity

Unless otherwise previously repaid, prepaid, redeemed or purchased and cancelled in as provided therein, the entire unpaid principal balance of the Notes shall be due and payable on the Maturity Date specified in the relevant Final Terms, together with interest on such principal amount accrued to such date.

### 5.2 Optional Prepayment with Make-Whole Amount

5.2.1 The Issuer may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of the Notes, in an amount not less than 10 per cent. of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100 per cent. of the principal amount so prepaid together with accrued interest, plus the Make-Whole Amount, plus the Net Loss (if any) with respect to any Swapped Note and less the Net Gain (if any) with respect to any Swapped Note, determined for the prepayment date with respect to such principal amount. The Issuer will give each holder of Notes written notice of each optional prepayment under this Condition 5.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Condition 5.6 (*Allocation of Partial Prepayments*)), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by an Officer's Certificate (a) certifying that such prepayment is permitted under the terms of the Common Documents, and (b) as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Issuer shall deliver to each holder of Notes an Officer's Certificate specifying the calculation of such Make-Whole Amount as at the specified prepayment date.

5.2.2 Any prepayment of the Notes required to be made pursuant to the terms of the CTA and the STID, but excluding any repayment of the Notes following an Acceleration of Liabilities or any prepayment made pursuant to Conditions 5.3 (*Prepayment for Tax Reasons*), 5.4 (*Illegality Prepayment Event*), and 5.5 (*Payments in Connection with Equity Cure of Financial Covenants*), shall be made pursuant to this Condition 5.2 save that the foregoing will not in any way prejudice the obligation of the Issuer to pay the applicable Make-Whole Amount in connection with a prepayment pursuant to Condition 5.5 (*Payments in connection with Equity Cure of Financial Covenants*).

### 5.3 Prepayment for Tax Reasons

5.3.1 If, at any time, the Issuer (or, if the Guarantee were called, a Guarantor) is or becomes obligated to make any Additional Payments (as defined in Condition 5.3.4) in respect of any payment of interest on account of any of the Notes (or a payment under the Guarantee in respect of interest), the Issuer may give the holders of all affected Notes irrevocable written notice (each, a "**Tax Prepayment Notice**") of the prepayment of such affected Notes on a specified prepayment date (which shall be a Business Day not less than 30 days nor more than 60 days after the date of such notice) and the circumstances giving rise to the obligation of the Issuer (or the Guarantor, as the case may be) to make any Additional Payments and the amount thereof, and stating that all of the affected Notes shall be prepaid on the date of such prepayment at 100 per cent. of the principal amount so prepaid together with interest accrued thereon to the date of such prepayment, plus the Net Loss (if any) with respect to any Swapped Note and

less the Net Gain (if any) with respect to any Swapped Note, plus in respect of Index Linked Notes, any final payment in respect of accretions for inflation, except in the case of an affected Note if the holder of such Note shall, by written notice given to the Issuer no more than 20 days after receipt of the Tax Prepayment Notice, reject such prepayment of such Note (each, a "**Rejection Notice**"). The form of Rejection Notice shall also accompany the Tax Prepayment Notice and shall state, with respect to each Note covered thereby, that execution and delivery thereof by the holder of such Note shall operate as a permanent waiver of such holder's right to receive the Additional Payments arising as a result of the circumstances described in the Tax Prepayment Notice in respect of all future payments of interest (or Guarantee payments in respect of interest) on such Note (but not of such holder's right to receive any Additional Payments that arise out of circumstances not described in the Tax Prepayment Notice or which exceed the amount of the Additional Payment described in the Tax Prepayment Notice), which waiver shall be binding upon all subsequent transferees of such Note. The Tax Prepayment Notice having been given as aforesaid to each holder of the affected Notes, the principal amount of such Notes, together with interest accrued thereon, plus the Net Loss (if any) with respect to any Swapped Note and less the Net Gain (if any) with respect to any Swapped Note, plus in respect of Index Linked Notes, any final payment in respect of accretions for inflation to the date of such prepayment, shall become due and payable on such prepayment date, except in the case of Notes the holders of which shall timely give a Rejection Notice as aforesaid.

- 5.3.2** No prepayment of the Notes pursuant to this Condition 5.3 shall affect the obligation of the Issuer (or the Guarantor, as the case may be) to pay Additional Payments in respect of any payment made on or prior to the date of such prepayment. For purposes of this Condition 5.3, any holder of more than one affected Note may act separately with respect to each affected Note so held (with the effect that a holder of more than one affected Note may accept such offer with respect to one or more affected Notes so held and reject such offer with respect to one or more other affected Notes so held).
- 5.3.3** The Issuer may not offer to prepay, or prepay Notes pursuant to this Condition 5.3: (i) if a Default or Event of Default then exists, (ii) if such prepayment is not permitted at such time under the terms of the CTA and the STID, (iii) until the Issuer shall have taken commercially reasonable steps to mitigate the requirement to make the related Additional Payments, or (iv) if the obligation to make such Additional Payments directly results or resulted from actions taken by any Obligor (other than actions required to be taken under applicable law), and any Tax Prepayment Notice given pursuant to this Condition 5.3 shall certify to the foregoing and describe such mitigation steps, if any.
- 5.3.4** For purposes of this Condition 5.3: "**Additional Payments**" means additional amounts required to be paid to a holder of any Note pursuant to Condition 8.1 by reason of a Change in Tax Law; and a "**Change in Tax Law**" means (individually or collectively with one or more prior changes) (i) an amendment to, or change in, any law, treaty, rule or regulation of the United Kingdom after the Issue Date, or an amendment to, or change in, an official interpretation or application of such law, treaty, rule or regulation after the Issue Date, which amendment or change is in force and continuing and meets the opinion and certification requirements described below or (ii) in the case of any other Taxing Jurisdiction, an amendment to, or change in, any law, treaty, rule or regulation of such jurisdiction, or an amendment to, or change in, an official interpretation or application of such law, treaty, rule or regulation, in any case either after such jurisdiction shall have become a Taxing Jurisdiction or as a result of which such jurisdiction has become a Taxing Jurisdiction, which amendment or change is in force and continuing and meets such opinion and certification requirements. No such amendment or change shall constitute a Change in Tax Law unless the same would, in

the opinion of the Issuer (which shall be evidenced by an Officer's Certificate and supported by a written opinion of counsel) having recognised expertise in the field of taxation in the Taxing Jurisdiction, both of which shall be delivered to all holders of the Notes prior to or concurrently with the Tax Prepayment Notice in respect of such Change in Tax Law), affect the deduction or require the withholding of any Tax imposed by such Taxing Jurisdiction on any payment payable on the Notes.

#### 5.4 Illegality Prepayment Event

- 5.4.1 Upon the Issuer's receipt of notice from any Affected Noteholder that a Noteholder Sanctions Event has occurred (which notice shall refer specifically to this Condition 5.4.1 and describe in reasonable detail such Noteholder Sanctions Event), the Issuer shall promptly, and in any event within 10 Business Days, make an offer (the "**Sanctions Prepayment Offer**") to prepay the entire unpaid principal amount of Notes held by such Affected Noteholder (the "**Affected Notes**") together with interest thereon to the prepayment date selected by the Issuer with respect to each Affected Note, plus, in respect of Index Linked Notes, any final payment in respect of accretions for inflation to the date of such prepayment, plus the Net Loss (if any) with respect to any Swapped Note and less the Net Gain (if any) with respect to any Swapped Note, which prepayment shall be on a Business Day not less than 60 days and not more than 90 days after the date of the Sanctions Prepayment Offer (the "**Sanctions Prepayment Date**"). Such Sanctions Prepayment Offer shall provide that such Affected Noteholder notify the Issuer in writing by a stated date (the "**Sanctions Prepayment Response Date**"), which date is not later than 10 Business Days prior to the stated Sanctions Prepayment Date, of its acceptance or rejection of such prepayment offer. If such Affected Noteholder does not notify the Issuer as provided above, then the holder shall be deemed to have accepted such offer.
- 5.4.2 Subject to the provisions of Conditions 5.4.3 and 5.4.4, the Issuer shall prepay on the Sanctions Prepayment Date the entire unpaid principal amount of the Affected Notes held by such Affected Noteholder who has accepted (or has been deemed to have accepted) such prepayment offer (in accordance with subparagraph (a)), together with interest thereon to the Sanctions Prepayment Date with respect to each such Affected Note, plus, in respect of Index Linked Notes, any final payment in respect of accretions for inflation to the date of such prepayment, plus the Net Loss (if any) with respect to any Swapped Note and less the Net Gain (if any) with respect to any Swapped Note.
- 5.4.3 If a Noteholder Sanctions Event has occurred but the Issuer and/or its Controlled Entities have taken such action(s) in relation to their activities so as to remedy such Noteholder Sanctions Event (with the effect that a Noteholder Sanctions Event no longer exists, as reasonably determined by such Affected Noteholder) prior to the Sanctions Prepayment Date, then the Issuer shall no longer be obliged or permitted to prepay such Affected Notes in relation to such Noteholder Sanctions Event. If the Issuer and/or its Controlled Entities shall undertake any actions to remedy any such Noteholder Sanctions Event, the Issuer shall keep the holders reasonably and timely informed of such actions and the results thereof.
- 5.4.4 If any Affected Noteholder that has given written notice to the Issuer of its acceptance of (or has been deemed to have accepted) the Issuer's prepayment offer in accordance with Condition 5.4.1 also gives notice to the Issuer prior to the relevant Sanctions Prepayment Date that it has determined (in its sole discretion) that it requires clearance from any Governmental Authority in order to receive a prepayment pursuant to this Condition 5.4, the principal amount of each Note held by such Affected Noteholder, together with interest accrued thereon to the date of prepayment plus, in respect of Index Linked Notes, any final payment in respect of accretions for inflation to the date

of such prepayment, plus the Net Loss (if any) with respect to any Swapped Note and less the Net Gain (if any) with respect to any Swapped Note, shall become due and payable on the later to occur of (but in no event later than the Maturity Date of the relevant Note) (i) such Sanctions Prepayment Date and (ii) the date that is 10 Business Days after such Affected Noteholder gives notice to the Issuer that it is entitled to receive a prepayment pursuant to this Condition 5.4 (which may include payment to an escrow account designated by such Affected Noteholder to be held in escrow for the benefit of such Affected Noteholder until such Affected Noteholder obtains such clearance from such Governmental Authority), and in any event, any such delay in accordance with the foregoing clause (ii) shall not be deemed to give rise to any Default or Event of Default.

- 5.4.5** Promptly, and in any event within 5 Business Days, after the Issuer's receipt of notice from any Affected Noteholder that a Noteholder Sanctions Event shall have occurred with respect to such Affected Noteholder, the Issuer shall forward a copy of such notice to each other holder of Notes.
- 5.4.6** The Issuer shall promptly, and in any event within 10 Business Days, give written notice to the holders after the Issuer or any Controlled Entity having been notified that (i) its name appears or may in the future appear on a State Sanctions List or (ii) it is in violation of, or is subject to the imposition of sanctions under, any U.S. Economic Sanctions Laws, or any similar laws, regulations or orders adopted by the United Nations, the European Union, or any other Governmental Authority, in each case which notice shall describe the facts and circumstances thereof and set forth the action, if any, that the Issuer or a Controlled Entity proposes to take with respect thereto.
- 5.4.7** The foregoing provisions of this Condition 5.4 shall be in addition to any rights or remedies available to any holder of Notes that may arise under the Note Purchase Agreement as a result of the occurrence of a Noteholder Sanctions Event; provided, that, if the Notes shall have been declared due and payable pursuant to Condition 7.1 as a result of the events, conditions or actions of the Issuer or its Controlled Entities that gave rise to a Noteholder Sanctions Event, the remedies set forth in Condition 7 shall prevail.

## **5.5 Payments in Connection with Equity Cure of Financial Covenants**

- 5.5.1** In the event that the Investors elect to exercise the Equity Cure Right in accordance with paragraph 15 of schedule 4 (*Events of Default*) to the CTA, the Issuer shall:
- (a) notify the holders of the Notes of such exercise; and
  - (b) shall make an irrevocable offer in writing to the holders of the Notes to apply the applicable portion of the Equity Cure Amount (as determined by the Pro Rata Prepayment Mechanic) (the "**Note Equity Cure Amount**") towards the prepayment of the Notes, together with accrued interest thereon to the date of such prepayment plus, in respect of Index Linked Notes, any payment in respect of accretions for inflation to the date of such prepayment, together with the applicable Make-Whole Amount, plus any Net Loss or less any Net Gain (the "**Equity Cure Prepayment Offer**"), with any such Make-Whole Amount or Net Loss being paid as Repayment Costs pursuant to paragraph 15(a)(iii) of Schedule 4 (*Events of Default*) to the CTA.
- 5.5.2** The Equity Cure Prepayment Offer, shall:
- (a) refer specifically to this Condition 5.5 and describe in reasonable detail the relevant breach of part 4 (*Financial Covenants*) of schedule 2 (*Covenants*) to the

CTA and the resultant Equity Cure Right giving rise to such Equity Cure Prepayment Offer;

- (b) specify the Note Equity Cure Amount which is available to be applied towards prepayment of the Notes;
- (c) specify a Business Day for such prepayment not less than 30 days and not more than 60 days after the date of such notice (the “**Equity Cure Prepayment Date**”);
- (d) include the offer by the Issuer to the holders of the Notes to apply the Note Equity Cure Amount towards the prepayment of the Notes, together with interest accrued thereon to the Equity Cure Prepayment Date plus, in respect of Index Linked Notes, any payment in respect of accretions for inflation to the date of such prepayment, together with the applicable Make-Whole Amount, plus any Net Loss or less any Net Gain (the “**Equity Cure Prepayment Amount**”), with any such Make-Whole Amount or Net Loss being paid as Repayment Costs pursuant to paragraph 15(a)(iii) of Schedule 4 (*Events of Default*) to the CTA; and
- (e) include an indicative calculation (for illustrative purposes only) of the amount by which the aggregate principal amount of the Notes will be prepaid as a consequence of such Equity Cure Prepayment Offer, as projected by the Issuer acting reasonably, taking into account the anticipated payment of accrued interest and accretions, Make-Whole Amount and Net Loss (and any amounts of Net Gain) in connection with that prepayment, and on the assumption that all holders of the Notes will accept the Equity Cure Prepayment Offer.

**5.5.3** Each holder of a Note shall notify the Issuer of such holder’s acceptance or rejection of such offer by giving written notice of such acceptance or rejection to the Issuer (provided, however, that any holder who fails to so notify the Issuer shall be deemed to have accepted such offer) on a date at least 10 days prior to the Equity Cure Prepayment Date.

**5.5.4** The Issuer shall apply on the Equity Cure Prepayment Date the Note Equity Cure Amount towards prepayment of those Notes that are held by the holders who have accepted such offer in accordance with this Condition 5.5.

## **5.6 Allocation of Partial Prepayments**

**5.6.1** In the case of each partial prepayment of the Notes (other than a prepayment pursuant to Condition 5.5 (*Payments in Connection with Equity Cure of Financial Covenants*)), the principal amount of the Notes to be prepaid or offered to be prepaid or purchased, as the case may be, shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not previously called for prepayment or purchase, unless the Issuer has expressly elected to prepay all or part of any Series of Notes, in such case the Issuer is only obliged to prepay all of the Notes outstanding in that Series in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not previously called for prepayment or purchase.

**5.6.2** In the case of each partial prepayment of the Notes pursuant to Condition 5.5 (*Payments in Connection with Equity Cure of Financial Covenants*), the principal amount of the Notes to be prepaid, as the case may be, shall be allocated among all of those Notes whose holders have accepted the Equity Cure Prepayment Offer in proportion, as nearly as practicable, to the respective unpaid principal amounts of such Notes not previously called for prepayment or purchase.

## 5.7 Purchase of Notes

The Issuer will not, and will not permit any Affiliate to, purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except (a) upon the payment or prepayment of the Notes in accordance with the terms of the Note Purchase Agreement and the Notes, or (b) pursuant to an offer to purchase made by the Issuer or an Affiliate pro rata to the holders of all Notes at the time outstanding upon the same terms and conditions (such pro rata allocation taking into account any adjustment pursuant to Condition 4 in respect of Index Linked Notes). Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 14 Business Days. If the holders of more than 10 per cent of the principal amount of the Notes then outstanding accept such offer, the Issuer shall promptly notify the remaining holders of such fact. The Issuer will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of the Note Purchase Agreement and no Notes may be issued in satisfaction or exchange for any such Notes.

## 5.8 Maturity; Surrender, etc.

In the case of each prepayment of Notes pursuant to this Condition 5, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment (which shall be a Business Day), together with interest on such principal amount accrued to such date plus, in respect of Index Linked Notes, any final payment in respect of accretions for inflation and the applicable Make-Whole Amount, if any, and the applicable Net Loss, if any, with respect to any Swapped Note. From and after such date, unless the Issuer shall fail to pay such principal amount when so due and payable, together with the interest plus, in respect of Index Linked Notes, any final payment in respect of accretions for inflation and Make-Whole Amount, if any, and Net Loss, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Issuer and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

## 5.9 Make-Whole Amount

5.9.1 The term “**Make-Whole Amount**” means, with respect to any Non-Swapped Note:

- (a) where such Note is not a Floating Rate Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Non-Swapped Note over the amount of such Called Principal; and
- (b) where such Note is a Floating Rate Note, an amount equal to the Discounted Value of all future Margin payments with respect to the Called Principal of such Non-Swapped Note which would accrue between the date of prepayment and the scheduled due date of such Called Principal (assuming no payment of such Called Principal would be made prior to its scheduled due date),

*provided* that, in either case, the Make-Whole Amount may in no event be less than zero.

All payments of Make-Whole Amount in respect of any Non-Swapped Note shall be made in GBP. For the purposes of determining the Make-Whole Amount with respect to any Non-Swapped Note, the following terms have the following meanings:

“**Applicable Percentage**”, in the case of a computation of the Make-Whole Amount means 0.5 per cent. (50 basis points).

“**Called Principal**”, means, with respect to any Non-Swapped Note, the principal of such Non-Swapped Note that is to be prepaid pursuant to Condition 5.2 (*Optional Prepayment with*

*Make-Whole Amount*), or Condition 5.5 (*Payments in Connection with Equity Cure of Financial Covenants*) or has become or is declared to be immediately due and payable as a result of Acceleration.

**“Discounted Value”** means, with respect to the Called Principal of any Non-Swapped Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice at the time of calculation and at a discount factor for (applied on the same periodic basis as that on which interest on the Non-Swapped Notes is payable, and, for the avoidance of doubt in relation to Index Linked Notes, on the basis of the real interest rate) equal to the Non-Swapped Reinvestment Yield with respect to such Called Principal.

**“Non-Swapped Note”** means any Note that is not a Swapped Note.

**“Non-Swapped Reinvestment Yield”** means:

- (i) in respect of Notes which are not Index Linked Notes or Floating Rate Notes, with respect to the Called Principal of any Non-Swapped Note, the sum of (i) the Applicable Percentage plus (ii) the yield to maturity implied by (A) the yields reported as at 10:00 a.m. (London time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as “Page PXUK” (or such other display as may replace Page PXUK) on Bloomberg Financial Markets for the then most actively traded on-the-run UK Gilt securities having a maturity equal to the Remaining Average Life of such Called Principal (the **“Reference Stock”**) as at such Settlement Date, or (B) if (i) Page PXUK (or such other display as may replace Page PXUK) is not published on that day, or (ii) there is a manifest error in the displayed figures, or (iii) the calculation in Page PXUK ceases to be in keeping with the Formula for the Calculation of Redemption Yields indicated by the Joint Index and Classification Committee of the Faculty of Actuaries as reported in the Journal of the Institute of Actuaries Volume 105, Part I, 1978, Page 18 (the **“General Formula”**), the gross redemption yield calculated on the basis of the arithmetic mean (to three decimal places 0.0005 rounded down) of the mid-market price for the Reference Stock on a dealing basis by three authorised leading market makers in the gilt-edged market as at or about 11:00 a.m. (London time) on the second Business Day preceding the Settlement Date according to the General Formula;
- (ii) in respect of Floating Rate Notes, with respect to the Called Principal of any Floating Rate Note, the sum of (i) the Applicable Percentage plus (ii) the yield to maturity implied by (A) the yields reported as at 10:00 a.m. (London time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as “Page PXUK” (or such other display as may replace Page PXUK) on Bloomberg Financial Markets for the then most actively traded on-the-run UK Gilt securities having a maturity equal to the Remaining Average Life of such Called Principal (the **“Floating Rate Note Reference Stock”**) as at such Settlement Date, or (B) if (i) Page PXUK (or such other display as may replace Page PXUK) is not published on that day, or (ii) there is a manifest error in the displayed figures, or (iii) the calculation in Page PXUK ceases to be in keeping with the Formula for the Calculation of Redemption Yields indicated by the Joint Index and Classification Committee of the Faculty of Actuaries as reported in the Journal of the Institute of Actuaries Volume 105, Part I, 1978, Page 18 (the **“Floating Rate Note Formula”**), the gross redemption yield calculated on the basis of the arithmetic mean (to three decimal places 0.0005 rounded down) of the mid-market price for the Floating Rate Note Reference Stock on a dealing basis by three authorised leading market makers in the gilt-edged market as at or

about 11:00 a.m. (London time) on the second Business Day preceding the Settlement Date according to the Floating Rate Note Formula;

- (iii) in respect of Index Linked Notes, with respect to the Called Principal of any Non-Swapped Note, the sum of (i) the Applicable Percentage plus (ii) the yield to maturity implied by (A) the yields reported as at 10:00 a.m. (London time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as “Page DM03” (or such other display as may replace Page DM03) on Bloomberg Financial Markets for the then most actively traded on-the-run UK Gilt securities having a maturity equal to the Remaining Average Life of such Called Principal (the “**Index Reference Stock**”) as of such Settlement Date by reference to the gross real yields, or (B) if (i) Page DM03 (or such other display as may replace Page DM03) is not published on that day, or (ii) there is a manifest error in the displayed figures, or (iii) the calculation in Page DM03 ceases to be in keeping with the Formula for the Calculation of Redemption Yields indicated by the Joint Index and Classification Committee of the Faculty of Actuaries as reported in the Journal of the Institute of Actuaries Volume 105, Part I, 1978, Page 18 (the “**Index Linked Notes Formula**”), the gross real redemption yield calculated on the basis of the arithmetic mean (to three decimal places 0.0005 rounded down) of the mid-market price for the Index Reference Stock on a dealing basis by three authorised leading market makers in the gilt-edged market as at or about 11:00 a.m. (London time) on the second Business Day preceding the Settlement Date according to the Index Linked Notes Formula.

“**Remaining Average Life**” means, with respect to any Called Principal, the number of years (calculated to the nearest one twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (A) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (B) the number of years (calculated to the nearest one twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“**Remaining Scheduled Payments**” means, with respect to the Called Principal of any Non-Swapped Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, *provided* that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Non-Swapped Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Condition 5.2 (*Optional Prepayment with Make-Whole Amount*) or Condition 5.5 (*Payments in Connection with Equity Cure of Financial Covenants*) or as a result of an Acceleration.

“**Settlement Date**” means, with respect to the Called Principal of any Non-Swapped Note, the date on which such Called Principal is to be prepaid pursuant to Condition 5.2 (*Optional Prepayment with Make-Whole Amount*) or Condition 5.5 (*Payments in Connection with Equity Cure of Financial Covenants*), or has become, or is declared to be, immediately due and payable as a result of an Acceleration, as the context requires.

**5.9.2** The term “**Make-Whole Amount**” means, with respect to any Swapped Note, an amount equal to the excess, if any, of the Swapped Note Discounted Value with respect to the Swapped Note Called Notional Amount related to such Swapped Note over such Swapped Note Called Notional Amount, *provided* that the Make-Whole Amount may in no event be less than zero. The Make-Whole Amount in respect of any Swapped Note shall be calculated and paid in U.S. Dollars. For the purposes of

defining the Make-Whole Amount with respect to any Swapped Note, the following terms shall have the following meanings:

**“New Swap Agreement”** means any cross-currency swap agreement pursuant to which the holder of a Swapped Note is to receive payment in U.S. Dollars, as applicable, and which is entered into in full or partial replacement of an Original Swap Agreement as a result of such Original Swap Agreement having terminated for any reason other than a non-scheduled prepayment or a repayment of such Swapped Note prior to its scheduled maturity. The terms of a New Swap Agreement with respect to any Swapped Note do not have to be identical to those of the Original Swap Agreement with respect to such Swapped Note.

**“Original Swap Agreement”** means, with respect to any Swapped Note:

- (i) a cross-currency swap agreement, and annexes and schedules thereto (an **“Initial Swap Agreement”**), that is entered into on or before the Issue Date on an arm’s length basis by the original purchaser of such Swapped Note (or any affiliate thereof) in connection with the execution of the Note Purchase Agreement and the purchase of such Swapped Note, and relates to the scheduled payments by the Issuer of interest and principal on such Swapped Note, under which the holder of such Swapped Note is to receive payments from the counterparty thereunder in U.S. Dollars, as applicable, a summary of the economic terms of which were delivered to the Issuer by such holder on or about the date of the Note Purchase Agreement;
- (ii) any Initial Swap Agreement that has been assumed (without any waiver, amendment, deletion or replacement of any material economic term or provision thereof) by a holder of a Swapped Note in connection with a transfer of such Swapped Note; and
- (iii) any Replacement Swap Agreement; and a **“Replacement Swap Agreement”** means, with respect to any Swapped Note, a cross-currency swap agreement and annexes and schedules thereto with payment terms and provisions (other than a reduction in notional amount, if applicable) identical to those of the Initial Swap Agreement with respect to such Swapped Note that is entered into on an arm’s length basis by the holder of such Swapped Note in full or partial replacement (by amendment, modification or otherwise) of such Initial Swap Agreement (or any subsequent Replacement Swap Agreement) in a notional amount not exceeding the outstanding principal amount of such Swapped Note following a non-scheduled prepayment or a repayment of such Swapped Note prior to its scheduled maturity. Any holder of a Swapped Note that enters into, assumes or terminates an Initial Swap Agreement or Replacement Swap Agreement shall, within a reasonable period of time thereafter, deliver to the Issuer a copy of the confirmation, agreement or termination related thereto.

**“Swap Agreement”** means, with respect to any Swapped Note, an Original Swap Agreement or a New Swap Agreement, as the case may be.

**“Swapped Note”** means any Note that as at the Issue Date, is subject to a Swap Agreement. A **“Swapped Note”** shall no longer be deemed a **“Swapped Note”** at such time as the related Swap Agreement ceases to be in force in respect thereof unless (and until) a New Swap Agreement is entered into in respect thereof.

**“Swapped Note Applicable Percentage”**, in the case of a computation of the Make-Whole Amount, means 0.5 per cent. (50 basis points).

**“Swapped Note Called Notional Amount”** means, with respect to any Swapped Note Called Principal of any Swapped Note, the payment in U.S. Dollars, as applicable, due to the holder of such Swapped Note under the terms of the Swap Agreement to which such holder is a party, attributable to and in exchange for such Swapped Note Called Principal and assuming

that such Swapped Note Called Principal is paid on its scheduled maturity date, *provided* that if such Swap Agreement is not an Initial Swap Agreement, then the “Swapped Note Called Notional Amount” in respect of such Swapped Note shall not exceed the amount in U.S. Dollars, as applicable, which would have been due to the holder of such Swapped Note under the terms of the Initial Swap Agreement to which such holder was a party (or, if such holder was never party to an Initial Swap Agreement, then the last Initial Swap Agreement to which the most recent predecessor in interest to such holder as a holder of such Swapped Note was a party), attributable to and in exchange for such Swapped Note Called Principal and assuming that such Swapped Note Called Principal is paid on its scheduled maturity date.

“**Swapped Note Called Principal**” means, with respect to any Swapped Note, the principal of such Swapped Note that is to be prepaid pursuant to Condition 5.2 (*Optional Prepayment with Make-Whole Amount*) or Condition 5.5 (*Payments in Connection with Equity Cure of Financial Covenants*) or has become or is declared to be immediately due and payable as a result of an Acceleration.

“**Swapped Note Discounted Value**” means, with respect to the Swapped Note Called Notional Amount of any Swapped Note that is to be prepaid pursuant to Condition 5.2 (*Optional Prepayment with Make-Whole Amount*) or Condition 5.5 (*Payments in Connection with Equity Cure of Financial Covenants*) or has become or is declared to be immediately due and payable as a result of an Acceleration, the amount obtained by discounting all Swapped Note Remaining Scheduled Swap Payments corresponding to the Swapped Note Called Notional Amount of such Swapped Note from their respective scheduled due dates to the Swapped Note Settlement Date with respect to such Swapped Note Called Notional Amount, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on such Swapped Note is payable) equal to the Swapped Note Reinvestment Yield with respect to such Swapped Note Called Notional Amount.

“**Swapped Note Reinvestment Yield**” means:

- (i) with respect to the Swapped Note Called Notional Amount of any Swapped Note, the sum of (A) the Swapped Note Applicable Percentage plus (B) the yield to maturity implied by the yield(s) reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Swapped Note Settlement Date with respect to such Swapped Note Called Notional Amount, on the display designated as “**Page PX1**” (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities (“**Reported**”) having a maturity equal to the Swapped Note Remaining Average Life of such Swapped Note Called Notional Amount as at such Swapped Note Settlement Date. If there are no such U.S. Treasury securities reported having a maturity equal to such Swapped Note Remaining Average Life, then such implied yield to maturity will be determined by (I) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (II) interpolating linearly between the ask yields Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Swapped Note Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Swapped Note; and
- (ii) if such yields are not reported or the yields reported as of such time are not ascertainable (including by way of interpolation), with respect to the Swapped Note Called Notional Amount of any Swapped Note, the sum of (A) the Swapped Note Applicable Percentage plus (B) the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so

reported as of the second Business Day preceding the Swapped Note Settlement Date with respect to such Swapped Note Called Notional Amount, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Swapped Note Remaining Average Life of such Swapped Note Called Notional Amount as at such Swapped Note Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (I) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Swapped Note Remaining Average Life and (II) the U.S. Treasury constant maturity so reported with the term closest to and less than such Swapped Note Remaining Average Life. The Swapped Note Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Swapped Note.

**“Swapped Note Remaining Average Life”** means, with respect to any Swapped Note Called Notional Amount, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Swapped Note Called Notional Amount into (ii) the sum of the products obtained by multiplying (A) the principal component of each Swapped Note Remaining Scheduled Swap Payments with respect to such Swapped Note Called Notional Amount by (2) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Swapped Note Settlement Date with respect to such Swapped Note Called Notional Amount and the scheduled due date of such Swapped Note Remaining Scheduled Swap Payments.

**“Swapped Note Remaining Scheduled Swap Payments”** means, with respect to the Swapped Note Called Notional Amount relating to any Swapped Note, the payments due to the holder of such Swapped Note in U.S. Dollars, as applicable, under the terms of the Swap Agreement to which such holder is a party which correspond to all payments of the Swapped Note Called Principal of such Swapped Note corresponding to such Swapped Note Called Notional Amount and interest on such Swapped Note Called Principal (other than that portion of the payment due under such Swap Agreement corresponding to the interest accrued on the Swapped Note Called Principal to the Swapped Note Settlement Date) that would be due after the Swapped Note Settlement Date in respect of such Swapped Note Called Notional Amount assuming that no payment of such Swapped Note Called Principal is made prior to its originally scheduled payment date, *provided* that if such Swapped Note Settlement Date is not a date on which an interest payment is due to be made under the terms of such Swapped Note, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Swapped Note Settlement Date and required to be paid on such Swapped Note Settlement Date pursuant to Condition 5.2 (*Optional Prepayment with Make-Whole Amount*), Condition 5.5 (*Payments in Connection with Equity Cure of Financial Covenants*) or as a result of an Acceleration.

**“Swapped Note Settlement Date”** means, with respect to the Swapped Note Called Notional Amount of any Swapped Note Called Principal of any Swapped Note, the date on which such Swapped Note Called Principal is to be prepaid pursuant to Condition 5.2 (*Optional Prepayment with Make-Whole Amount*), Condition 5.5 (*Payments in Connection with Equity Cure of Financial Covenants*) or as a result of an Acceleration.

## **5.10 Swap Breakage**

If any Swapped Note is prepaid pursuant to Condition 5.2 (*Optional Prepayment with Make-Whole Amount*), Condition 5.3 (*Prepayment for Tax Reasons*), Condition 5.4 (*Illegality Prepayment Event*), Condition 5.5 (*Payments in Connection with Equity Cure of Financial Covenants*) or as a result of an Acceleration, then (a) any resulting Net Loss in connection therewith shall be reimbursed to the holder of such Swapped Note by the Issuer in U.S.

Dollars upon any such prepayment or repayment of such Swapped Note and (b) any resulting Net Gain in connection therewith shall be deducted (i) from the Make-Whole Amount if any, and any principal or interest to be paid to the holder of such Swapped Note by the Issuer upon any such prepayment or repayment of such Swapped Note pursuant to Condition 5.2 (*Optional Prepayment with Make-Whole Amount*) or Condition 5.5 (*Payments in Connection with Equity Cure of Financial Covenants*) or (ii) from the Make-Whole Amount, if any, to be paid to the holder of such Swapped Note by the Issuer upon any such repayment following an Acceleration, *provided that*, in either case the Make-Whole Amount in respect of such Swapped Note may never be less than zero. Each holder of a Swapped Note shall be responsible for calculating its own Net Loss or Net Gain, as the case may be, and Swap Breakage Amount in U.S. Dollars upon the prepayment or repayment of all or any portion of such Swapped Note, and such calculations as reported to the Issuer in reasonable detail shall be binding on the Issuer absent demonstrable error (and, for the avoidance of doubt, in the case where there is demonstrable error, the Issuer shall have the right to dispute such calculations). The Swap Breakage Amount, Net Gain and Net Loss shall be payable in U.S. Dollars (other than any reduction to principal or interest of a Swapped Note to the extent of any Net Gain, which shall be payable in GBP). For purposes of applying any Net Gain against amounts owing in GBP in respect of any principal or interest under any Swapped Note, the holder of the affected Swapped Note shall convert U.S. Dollars, as applicable, into GBP at the current U.S. Dollar/GBP exchange rate, as appropriate, as determined as at 10:00 a.m. (New York City time) on that date as indicated on the applicable screen of Bloomberg Financial Markets on the day such Swapped Note is prepaid or is declared to be immediately due and payable, and any such calculation shall be reported to the Issuer in reasonable detail and shall be binding on the Issuer absent demonstrable error (and, for the avoidance of doubt, in the case where there is demonstrable error, the Issuer shall have the right to dispute such calculations).

As used in this Condition 5.10 with respect to any Swapped Note that is prepaid or accelerated: “**Net Loss**” means the amount, if any, by which the total of the Swapped Note Called Notional Amount and the Swapped Note Accrued Interest Amount exceeds the sum of (a) the total of the Converted Swapped Note Called Principal and the Converted Swapped Note Called Interest, plus (or minus in the case of an amount paid) (b) the Swap Breakage Amount received (or paid) by the holder of such Swapped Note; and “**Net Gain**” means the amount, if any, by which the total of the Swapped Note Called Notional Amount and the Swapped Note Accrued Interest Amount is exceeded by the sum of (i) the total of the Converted Swapped Note Called Principal and the Converted Swapped Note Called Interest, plus (or minus in the case of an amount paid) (ii) the Swap Breakage Amount received (or paid) by such holder. For purposes of any determination of any “**Net Loss**” or “**Net Gain**,” the “**Converted Swapped Note Called Principal**” and the “**Converted Swapped Note Called Interest**” shall be determined by the holder of the affected Swapped Note by converting the Swapped Note Called Principal or Swapped Note Called Interest, as applicable, of such Swapped Note from GBP into U.S. Dollars, as applicable, at the current GBP/U.S. Dollar exchange rate, as appropriate, as determined as at 10:00 a.m. (New York City time) on the day such Swapped Note is prepaid or accelerated as indicated on the applicable screen of Bloomberg Financial Markets, and any such calculation shall be reported to the Issuer in reasonable detail and shall be binding on the Issuer absent demonstrable error, (and, for the avoidance of doubt, in the case where there is demonstrable error the Issuer shall have the right to dispute such calculations).

As used in this Condition 5.10, the following terms shall have the following meanings:

“**Swap Breakage Amount**” means, with respect to the Swap Agreement associated with any Swapped Note, in determining the Net Loss or Net Gain, the amount that would be received (in which case the Swap Breakage Amount shall be positive) or paid (in which case the Swap

Breakage Amount shall be negative) by the holder of such Swapped Note as if such Swap Agreement had terminated due to the occurrence of an event of default or an early termination under the ISDA 1992 Multi-Currency Cross Border Master Agreement or ISDA 2002 Master Agreement, as applicable (the “**ISDA Master Agreement**”); provided, however, that if such holder (or its predecessor in interest with respect to such Swapped Note) was, but is not at the time, a party to an Original Swap Agreement but is a party to a New Swap Agreement, then the Swap Breakage Amount shall mean the lesser of (a) the gain or loss (if any) which would have been received or incurred (by payment, through off-set or netting or otherwise) by the holder of such Swapped Note under the terms of the Original Swap Agreement (if any) in respect of such Swapped Note to which such holder (or any affiliate thereof) was a party (or, if such holder was never a party to an Original Swap Agreement, then the last Original Swap Agreement to which the most recent predecessor in interest to such holder as a holder of a Swapped Note was a party) and which would have arisen as a result of the payment of the Swapped Note Called Principal on the Swapped Note Settlement Date and (b) the gain or loss (if any) actually received or incurred by the holder of such Swapped Note, in connection with the payment of such Swapped Note Called Principal on the Swapped Note Settlement Date, under the terms of the New Swap Agreement to which such holder (or any affiliate thereof) is a party. The holder of such Swapped Note will make all calculations related to the Swap Breakage Amount acting reasonably and honestly and in accordance with its customary practices for calculating such amounts under the ISDA Master Agreement pursuant to which such Swap Agreement shall have been entered into and assuming, for the purpose of such calculation, that there are no other transactions entered into pursuant to such ISDA Master Agreement (other than such Swap Agreement).

“**Swapped Note Accrued Interest Amount**” means, with respect to any Swapped Note, the payment in U.S. Dollars, due to the holder of such Swapped Note under the terms of the Swap Agreement to which such holder is a party, attributable to and in exchange for the amount of interest accrued on the Swapped Note Called Principal with respect to such Swapped Note to the Swapped Note Settlement Date and assuming that such interest is paid on its scheduled interest payment date; *provided* that if such Swap Agreement is not an Initial Swap Agreement, then the “Swapped Note Accrued Interest Amount” in respect of such Swapped Note shall not exceed the amount in U.S. Dollars, as applicable, that would have been due with respect to such Swapped Note under the terms of the Initial Swap Agreement related to such Swapped Note, attributable to and in exchange for such amount of interest accrued on the Swapped Note Called Principal to the Swapped Note Settlement Date and assuming that such interest is paid on its scheduled interest payment date.

“**Swapped Note Called Interest**” means, with respect to any Swapped Note, the accrued and unpaid interest on such Swapped Note that is to be prepaid pursuant to Condition 5.2 (*Optional Prepayment with Make-Whole Amount*), Condition 5.5 (*Payments in Connection with Equity Cure of Financial Covenants*) or as a result of an Acceleration.

## **6 Events of Default**

Each of the events set out in schedule 4 (*Events of Default*) to the CTA constitutes an Event of Default under the Note Purchase Agreement and each Note.

## **7 Remedies on Default, etc.**

### **7.1 Acceleration**

7.1.1 Subject to the terms of the CTA and the STID, if any Event of Default has occurred and is outstanding, any holder of a Note may, by notice to the Issuer, declare all

the Notes held by it to be immediately due and payable and exercise its rights as a Secured Creditor subject to and in accordance with the STID.

7.1.2 Upon the acceleration of the Notes in accordance with clause 16.8 (*Acceleration of Secured Liabilities*) of the STID, all of the Notes then outstanding shall be accelerated and automatically become immediately due and payable.

7.1.3 Upon any Acceleration (if permitted by the terms of the CTA and the STID) of all or (if applicable) any part of the Notes, such Notes (or part thereof) will forthwith mature and the entire unpaid principal amount of such Notes, plus (i) all accrued and unpaid interest thereon (including, without limitation, interest accrued thereon at the Default Rate), (ii) in respect of Index Linked Notes, any final payment in respect of accretion for inflation, and (iii) the Make-Whole Amount and Net Loss (if any) shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. Each Obligor acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Issuer (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount and/or Net Loss (in each case, where applicable) by the Issuer in the event that any of the Notes are prepaid or are the subject of an Acceleration is intended to provide compensation for the deprivation of such right under such circumstances.

## **7.2 Other Remedies.**

If any Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable pursuant to the Note Purchase Agreement, the CTA and/or the STID, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note or other applicable Finance Document, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise, in each case subject to the terms of the CTA and the STID.

## **7.3 No Waivers or Election of Remedies, Expenses, etc.**

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by the Note Purchase Agreement, any Note or any other Finance Document upon any holder of a Note shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise.

# **8 Tax Indemnification**

## **8.1 No Withholding**

8.1.1 All payments whatsoever under the Note Purchase Agreement or the Notes to be made to any holder by or on behalf of an Obligor will be made free and clear of, and without liability for, any Tax Deduction imposed or levied by or on behalf of any jurisdiction, or any authority therein or thereof having power to tax (any jurisdiction imposing or levying such a Tax Deduction being a "**Taxing Jurisdiction**"), unless the withholding or deduction of such Tax is required by law.

- 8.1.2** The Obligors shall, promptly upon becoming aware that it must make such a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction), notify the holder of the relevant Note accordingly. Similarly, the holder of any Note shall promptly notify the Issuer on becoming so aware in respect of a payment payable to such holder.
- 8.1.3** If any Tax Deduction shall at any time be required in respect of any amounts to be paid by or on behalf of an Obligor under the Note Purchase Agreement or, the Notes, the Obligor will pay to each holder of a Note such additional amounts as may be necessary in order that the net amounts paid to such holder pursuant to the terms of the Note Purchase Agreement or the Notes after such Tax Deduction or payment leave an amount equal to the amount which would have been due to such holder under the terms of the Note Purchase Agreement or the Notes had no such Tax Deduction been required, except that no such additional amounts shall be payable in respect of:
- (a) any Note held by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the jurisdiction imposing that Tax Deduction other than the mere holding of the Note; or
  - (b) any FATCA Deduction.
- 8.1.4** If any payment is made by or on behalf of an Obligor to or for the account of the holder of any Note after deduction for or on account of any Taxes, and increased payments are made by or on behalf of the Obligors pursuant to this Condition 8, then, if such holder, in its sole discretion, determines that it has received or been granted a refund of such Taxes, or has utilised a Tax Credit attributable to the increased payment of which that payment forms part so as to give rise to a reduction of Taxes which would otherwise have been due and payable by it, such holder shall, to the extent that it can do so without prejudice to the retention of the amount of such refund or reduction of Taxes, reimburse to the relevant Obligor such amount as such holder shall, determine will leave it (after that payment) in the same after-Tax position as it would have been in had the increased payment under this Condition 8 not been required to be made by the relevant Obligor. Nothing herein contained shall interfere with the right of the holder of any Note to arrange its affairs (tax or otherwise) in whatever manner it thinks fit and, in particular, no holder of any Note shall be under any obligation to investigate or claim any refund or Tax Credit or relief available to it or the extent, order and manner of any claim or oblige any holder of any Note to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.
- 8.1.5** Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor shall deliver to the holder entitled to the payment evidence reasonably satisfactory to that holder that the Tax Deduction has been made and any appropriate payment paid to the relevant Tax Authority.
- 8.1.6** If an Obligor is required by any law, as modified by the practice of the Tax Authority or other authority of any relevant Taxing Jurisdiction, to make any Tax Deduction in respect of which the Obligor would be required to pay any additional amount under this Condition 8, but for any reason does not make such Tax Deduction with the result that a liability in respect of such Tax (other than any Excluded Taxes) is

assessed directly against the holder of any Note, and such holder (having not received the additional amount required to be paid under this Condition 8 from or on behalf of the Obligor) pays such liability, then the Obligor will promptly reimburse such holder for such Tax (including any related interest or penalties to the extent such interest or penalties arise by virtue of a default or delay by the Obligor (but excluding any Excluded Taxes)) as soon as reasonably practicable following demand by such holder accompanied by an official receipt (or a duly certified copy thereof) issued by the taxation or other authority of the relevant Taxing Jurisdiction.

- 8.1.7 The obligations of or on behalf of an Obligor under this Condition 8 shall survive the payment or transfer of any Note and the provisions of this Condition 8 shall also apply to successive transferees of the Notes.

## **8.2 FATCA Deductions**

- 8.2.1 The Issuer and each holder of the Notes may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and such person shall not be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.
- 8.2.2 The Issuer and each holder of the Notes shall promptly upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of a FATCA Deduction) notify the Issuer or the holder of Notes to whom it is making the payment (as applicable) and, in addition, (if it is the Issuer that has become so aware) shall notify the other holders of Notes.

## **8.3 FATCA Information**

- 8.3.1 Subject to Condition 8.3.3 below, each holder of Notes shall, within 15 Business Days of a reasonable request by the Issuer:
- (a) confirm to the Issuer whether it is:
    - (I) a FATCA Exempt Party; or
    - (II) not a FATCA Exempt Party;
  - (b) supply to the Issuer such forms, documentation and other information relating to its status under FATCA as the Issuer reasonably requests for the purposes of the Issuer's compliance with FATCA; and
  - (c) supply to the Issuer such forms, documentation and other information relating to its status as the Issuer reasonably requests for the purposes of the Issuer's compliance with any other law, regulation, or exchange of information regime.
- 8.3.2 If a holder of Notes confirms to the Issuer pursuant to Condition 8.3.1(a) that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that holder of Notes shall notify the Issuer reasonably promptly.
- 8.3.3 Condition 8.3.1 above shall not oblige any holder of Notes to do anything which would or might in its reasonable opinion constitute a breach of:
- (a) any law or regulation;
  - (b) any fiduciary duty; or

(c) any duty of confidentiality.

**8.3.4** If a holder of Notes fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with Condition 8.3.1(a) or 8.3.1(b) (including, for the avoidance of doubt, where Condition 8.3.3 applies), then that holder of Notes shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as that holder of Notes provides the requested confirmation, forms, documentation or other information.

## **9 Registration; exchange; substitution of notes**

### **9.1 Registration of Notes**

The Issuer shall procure that the Registrar shall keep at its principal executive office a register for the registration, and registration of transfers, of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and neither the Registrar nor the Issuer shall be affected by any notice or knowledge to the contrary. The Issuer shall, or shall procure that the Registrar will, give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes. Each holder of one or more Notes that is a nominee shall, acting solely for this purpose as a non-fiduciary agent of the Issuer, maintain a register on which it enters the name and address of each beneficial owner of the Notes it holds as a nominee and the principal amounts (and stated interest) of each beneficial owner's interest in the Notes or other obligations under the Note Documents (the "**Nominee Register**"); provided that no such holder shall have any obligation to disclose all or any portion of the Nominee Register (including the identity of any beneficial owner or any information relating to a beneficial owner's interest in Notes) to any person except to the extent that such disclosure is necessary to establish that such Note is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Nominee Register shall be conclusive absent manifest error, and such holder that is a nominee shall treat each person whose name is recorded in the Nominee Register as the owner of such Note for all purposes hereof, notwithstanding any notice to the contrary.

### **9.2 Transfer and Exchange of Notes**

Within ten Business Days of surrender of any Note to the Issuer at the address and to the attention of the designated officer (all as specified in Condition 13 (*Notices*)) for registration of exchange, and, in the case of a surrender for registration of transfer, within 10 Business Days of the later of:

- 9.2.1** the surrender of that Note to the Issuer at the address specified pursuant to Condition 13 (*Notices*);
- 9.2.2** the delivery of a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorised in writing and accompanied by the relevant name, address and other details for notices of each transferee of such Note or part thereof in favour of an Approved Transferee; and
- 9.2.3** receipt of a fully executed Accession Memorandum for the accession of such transferee as an Additional Secured Creditor pursuant to the STID, by each transferee, the Issuer and the Security Trustee (which the Issuer shall, and shall

use reasonable endeavours to procure that the Security Trustee does, at the Issuer's expense, execute as soon as possible upon receipt) providing for each such transferee's accession to the Note Purchase Agreement; the STID and the CTA as the holder of such Note or a part thereof, *provided*, however, that if such transferee is already an Additional Secured Creditor, such transferee shall not be required to execute an Accession Memorandum,

the Issuer shall execute and deliver, at the Issuer's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such person who is an Approved Transferee as such holder may request and shall be substantially in the form scheduled to the Note Purchase Agreement as applicable. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Issuer may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than GBP1,000,000; provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than GBP1,000,000.

If a holder assigns or transfers any Note and, as a result of circumstances existing at the date the assignment or transfer occurs, an Obligor would be obliged to make a payment to the new holder or holder acting through its new address under Condition 9.1 (*Registration of Notes*), then the new holder is only entitled to receive payment under Condition 8 to the same extent as the assigning or transferring holder would have been if the assignment, or transfer or change had not occurred.

Notwithstanding any other Condition of the Notes or any provision of the Note Purchase Agreement, the Issuer is irrevocably authorised (and is hereby irrevocably instructed) to reject any request for the registration of transfer of any Note acquired by a purchaser if such transfer is (or is proposed to be) made to an Affiliate of the Issuer, Investor or Investor Affiliate.

### **9.3 Replacement of Notes**

Upon receipt by the Issuer at the address and to the attention of the designated officer (in accordance with Condition 13 (*Notices*)) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and:

**9.3.1** in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (*provided* that if the holder of such Note is, or is a nominee for, an original US PP Note Purchaser or another holder of a Note with a minimum net worth of at least US\$50,000,000 (or its equivalent in any currency), such person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

**9.3.2** in the case of mutilation, upon surrender and cancellation thereof,

within 10 Business Days thereafter the Issuer at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note, or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

## 10 Payments on Notes

### 10.1 Place of Payment

Subject to Condition 10.2 (*Home Office Payment*), payments of principal, Make-Whole Amount, if any, and Net Loss, if any, and interest becoming due and payable on the Notes shall be made in the United Kingdom, at the principal office of the Issuer in such jurisdiction. The Issuer may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Issuer in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

### 10.2 Home Office Payment

So long as any US PP Note Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in Condition 10.1 (*Place of Payment*) or in such Note to the contrary, the Issuer will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, Net Loss if any, and interest and all other amounts becoming due hereunder by the method and at the address specified for such purpose in the Note Purchase Agreement, or by such other method or at such other address as such US PP Note Purchaser shall have from time to time specified to the Issuer in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Issuer made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such US PP Note Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Issuer at its principal executive office or at the place of payment most recently designated by the Issuer pursuant to Condition 10.1 (*Place of Payment*). Prior to any sale or other disposition of any Note held by a US PP Note Purchaser or its nominee, such US PP Note Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Issuer in exchange for a new Note or Notes pursuant to Condition 9 (*Registration; Exchange; Substitution of Notes*). The Issuer will afford the benefits of this Condition 10.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by a US PP Note Purchaser under the Note Purchase Agreement and that has made the same agreement relating to such Note as the US PP Note Purchasers have made in this Condition 10.2.

### 10.3 Indemnity Payment

**10.3.1** Any amount that is payable to any holder of Notes in accordance with section 14.1 (*Transaction Expenses*) of the Note Purchase Agreement, or any other indemnity payment that is payable to any holder of Notes under the Note Purchase Agreement (in each case, an "**Indemnity Amount**"), irrespective of whether that Indemnity Amount was incurred directly by that holder of Notes or for its benefit or on its behalf by a representative of the holder of Notes, is deemed for the purposes of subparagraph 5.2(b)(i)(E) of schedule 6 (*Cash Management*) to the CTA to be an amount that is payable as an indemnity payment by the Issuer to the Secured Creditor Representative under an Authorised Credit Facility. Further, any Net Loss that is payable to a holder of Notes is deemed for the purposes of subparagraph 5.2(b)(ii)(D)(1) of schedule 6 (*Cash Management*) to the CTA to be pursuant to a costs indemnity contained in a Finance Document that is expressed to be in favour of the Finance Parties.

**10.3.2** The Issuer acknowledges that each Indemnity Amount is a Secured Liability for all purposes of the Finance Documents.

**10.3.3** Notwithstanding any indemnities set forth in the Note Purchase Agreement, in the event that a US PP Note Purchaser or any holder of a Note has recovered amounts under similar indemnities in the STID, such US PP Note Purchaser or holder shall not recover to the same extent from the Issuer under the Note Purchase Agreement.

## **11 Survival of representations**

All representations contained or incorporated by reference herein or in the Note Purchase Agreement shall survive the execution and delivery of the Note Purchase Agreement and the issue and sale of the Notes, the purchase or transfer by any US PP Note Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of such US PP Note Purchaser or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of any Obligor pursuant to the Notes or the Note Purchase Agreement shall be deemed representations and warranties of that Obligor under the Notes and/or the Note Purchase Agreement except to the extent such representations and warranties would, if set out in the Note Purchase Agreement, be rendered unenforceable pursuant to clause 5.1.5 (*Representations*) of the CTA.

## **12 Amendment and Waiver**

### **12.1 Requirements**

Subject to the terms of the STID, the Note Purchase Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Issuer and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 20 of the Note Purchase Agreement or Condition 3, or any defined term (as it is used therein), will be effective as to any US PP Note Purchaser unless consented to by such US PP Note Purchaser in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Condition 7.1 relating to acceleration, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount, Net Loss or Net Gain on or in respect of the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend Section 8, 9, 10, 11, 16, 19 or 22 of the Note Purchase Agreement or Condition 5, 6, 7, 8, 12 or 15.

### **12.2 Solicitation of Holders of Notes**

**12.2.1 Solicitation.** The Issuer will provide each US PP Note Purchaser, or after the Issue Date, each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes or any other applicable Finance Document, in accordance with the STID. The Issuer will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Condition 12 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

**12.2.2 Payment.** Neither the Issuer nor any Affiliate shall directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof or of the Notes or the Finance Documents unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, rateably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

**12.2.3 Consent in Contemplation of Transfer.** Any consent made pursuant to this Condition 122 by the holder of any Note that has transferred or has agreed to transfer such Note to the Issuer, any Subsidiary or any Affiliate of the Issuer and has provided or has agreed to provide such written consent as a condition to, or otherwise in connection with, such transfer shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such transferring holder.

### **12.3 Binding Effect, etc.**

Any amendment or waiver consented to as provided in this Condition 122 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Obligors without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement or Default not expressly amended or waived or impair any right consequent thereon. Neither any course of dealing between any Obligor and the holder of any Note, nor any delay in exercising any rights hereunder or under any Note or any other Finance Document, shall operate as a waiver of any rights of any holder of such Note. As used herein, the "term " the Note Purchase Agreement" and references thereto shall mean the Note Purchase Agreement as it may from time to time be amended or supplemented.

### **12.4 Notes Held by any Obligor, etc.**

Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding have approved or consented to any amendment, waiver or consent to be given under the Note Purchase Agreement, the Notes or the Common Documents or have directed the taking of any action provided herein, in the Notes or the Common Documents to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by any Obligor, any of its Affiliates, an Investor or any Investor Affiliate shall be deemed not to be outstanding.

## **13 Notices**

### **13.1 General**

The terms of clause 19 (*Notices*) of the CTA apply to the Notes and the Note Purchase Agreement and the contact details of the Issuer shall be the contact details of the Issuer provided pursuant to Clause 19.3 (*Contact details*) of the CTA.

## **14 Reproduction of Documents**

Subject to the Note Purchase Agreement and clause 122 (*Disclosure of Information*) of the CTA, the Note Purchase Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications to any of the Finance Documents that may hereafter be executed, (b) documents received by any US PP Note Purchaser at the Issue Date (except the Notes themselves), and (c) financial statements, compliance certificates and other information previously or hereafter furnished to any US PP Note Purchaser by the Issuer (or by any other person on its behalf), may be reproduced by such US PP Note Purchaser by any photographic, photostatic, electronic, digital or other similar process and such US PP Note Purchaser may destroy any original document so reproduced. Each Obligor agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such US PP Note Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Condition 144 shall not prohibit any Obligor or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

## **15 Miscellaneous**

### **15.1 Payments Due on Non-Business Days**

Anything in the Note Purchase Agreement or the Notes to the contrary notwithstanding (but without limiting the requirement in Condition 5.10 (*Swap Breakage*) that notice of any optional prepayment specify a Business Day as the date fixed for such prepayment), any payment of principal of or Make-Whole Amount, Net Loss or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day, if any, in the same calendar month without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; *provided* that if the maturity date of any such Note is a date other than a Business Day, the payment otherwise due on such maturity date shall be made on such next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day or (ii) if there is no succeeding Business Day in the same calendar month, then be made on the preceding Business Day in that calendar month and including the additional days elapsed in the computation of interest payable to the scheduled due date.

### **15.2 Governing Law**

The Note Purchase Agreement and the Notes, and any non-contractual obligations arising out of or in connection with them, are governed by the laws of England.

### **15.3 Jurisdiction**

Clause 23 (*Enforcement*) of the CTA shall apply to the Note Purchase Agreement and the Notes, and shall be binding on the parties to the Note Purchase Agreement and the Notes, as if set out in full in the Note Purchase Agreement and the Notes.

### **15.4 Obligation to Make Payment in GBP**

**15.4.1** Subject to Condition 5.10 (*Swap Breakage*), any payment on account of an amount that is payable hereunder or under the Notes in GBP which is made to or for the account of any holder of Notes in any other currency, whether as a result of any judgment or order or the enforcement thereof or the realisation of any Security or the liquidation of any Obligor, shall constitute a discharge of the obligation of the Obligors under the Note Purchase Agreement or the Notes only to the extent of the

amount of the GBP which such holder could purchase in the foreign exchange markets in London, England, with the amount of such other currency in accordance with normal banking procedures at the rate of exchange prevailing on the London Banking Day following receipt of the payment first referred to above. If the amount of GBP that could be so purchased is less than the amount of GBP originally due to such holder, each Obligor agrees to the fullest extent permitted by law and subject to Condition 15.4.2 below, to indemnify and hold harmless such holder, from and against all loss or damage arising out of or as a result of such deficiency. This indemnity shall, to the fullest extent permitted by law and subject to Condition 15.4.3, constitute an obligation separate and independent from the other obligations contained in the Note Purchase Agreement, the Notes, the CTA, the STID and the other Finance Documents, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by such holder from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under the Notes or under any judgment or order. As used herein the "term **"London Banking Day"** shall mean any day other than Saturday or Sunday or a day on which commercial banks are required or authorised by law to be closed in London, England.

**15.4.2** Any payment on account of an amount that is payable hereunder or under the Notes in U.S. Dollars which is made to or for the account of any holder of the Notes in any other currency, whether as a result of any judgment or order or the enforcement thereof or the realisation of any Security or the liquidation of any Obligor, shall constitute a discharge of the obligation of the Obligors under the Note Purchase Agreement or the only to the extent of the amount of the U.S. Dollars which such holder could purchase in the foreign exchange markets in London, England, with the amount of such other currency in accordance with normal banking procedures at the rate of exchange prevailing on the London Banking Day following receipt of the payment first referred to above. If the amount of U.S. Dollars that could be so purchased is less than the amount of U.S. Dollars originally due to such holder, each Obligor agrees to the fullest extent permitted by law and subject to Condition 15.4.3, to indemnify and hold harmless such holder, from and against all loss or damage arising out of or as a result of such deficiency. This indemnity shall, to the fullest extent permitted by law and subject to Condition 15.4.3, constitute an obligation separate and independent from the other obligations contained in the Note Purchase Agreement, the Notes, the CTA, the STID and the other Finance Documents, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by such holder from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under the Notes or under any judgment or order.

**15.4.3** Notwithstanding Condition 15.4.1 or 15.4.2, under no circumstances whatsoever, will a holder of the Notes:

- (a) be entitled to recover amounts under the indemnity in Condition 15.4.1 or 15.4.2, to the extent that the holder has made a recovery in respect of the same amounts under the indemnity in clause 12.1 (*Currency indemnity*) of the CTA; or

- (b) be entitled to recover amounts under the indemnity in clause 12.1 (*Currency indemnity*) of the CTA to the extent the holder has made a recovery in respect of the same amounts under the indemnity in Condition 15.4.1 or 15.4.2.

## 16 Definitions

Unless otherwise defined in the Notes, Note Purchase Agreement or the relevant Final Terms or the context requires otherwise, words and expressions used in the Notes, the Note Purchase Agreement and the relevant Final Terms have the meanings and constructions ascribed to them in the MDA. "£" "GBP" and "Sterling" denote the lawful currency for the time being of the United Kingdom.

"**Acceleration**" means (a) any declaration that some or all of the Notes are immediately due and payable, whether in accordance with clause 16.8 (*Acceleration of Secured Liabilities*) and clause 16.10 (*Permitted Share Pledge Acceleration*) of the STID, or otherwise, or (b) any automatic acceleration of the Notes pursuant to Condition 7.1.2.

"**Adjusted LIBOR Rate**" means, with respect to any interest period, the percentage rate per annum equal to LIBOR determined with respect to that Interest Period plus the Margin.

"**Anti-Corruption Laws**" means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding bribery or any other corrupt activity, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010.

"**Anti-Money Laundering Laws**" means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes, including the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act) and the USA PATRIOT Act.

"**Approved Transferee**" means a person who is not a Competitor.

"**Base Index Figure**" means (subject to Condition 4.2.1) the base index figure as specified in the relevant Final Terms;

"**Business Day**" has the meaning given to that term in the MDA; *provided*, however, notwithstanding that definition in the MDA for purposes of payments under the Notes, "**Business Day**" means a day (other than a Saturday or a Sunday) on which banks are open for general business in London and New York;

"**Calculation Date**" means any date when a payment of interest or, as the case may be, principal falls due in respect of any Index Linked Note.

"**Code**" means the U.S. Internal Revenue Code of 1986.

"**Competitor**" means any person that is, or is an Affiliate or Related Fund of a person that is:

- (i) engaged in a business which is equivalent to the Appointed Business in the United Kingdom;
- (ii) a competitor of the Shareholders in so far as their activities relate to being an infrastructure equity investment fund,

**provided that** in the case of an Affiliate or Related Fund of such a person, any such Affiliate or Related Fund managed independently of such person will not constitute a "Competitor".

"**Controlled Entity**" means any of the Subsidiaries of the Obligors and any of their or the Obligors' respective Controlled Affiliates. As used in this definition, "**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

**"CPI Index Figure"** means, in relation to any relevant month (as defined in Condition 4.2.2) or any calculation month (as defined in Condition 4.2.3), subject as provided in paragraph (a) of Condition 7.2, the U.K. Consumer Prices Index (for all items) published by the Office for National Statistics (2015 = 100) or any comparable index which may replace the U.K. Consumer Prices Index for the purpose of calculating the amount payable on repayment of the Reference Gilt (if any). Where CPI is specified as the Index in the relevant Final Terms, any reference to the "Index Figure" which is specified in the relevant Final Terms as:

- (i) applicable to the first calendar day of any month shall, subject as provided in Condition 4.2 and Condition 4.4, be construed as a reference to the Index Figure published in the second month prior to that particular month and relating to the month before that of publication; or
- (ii) applicable to any other day in any month shall, subject as provided in Condition 4.2 and Condition 4.4, be calculated by linear interpolation between (x) the Index Figure applicable to the first calendar day of the month in which the day falls, calculated as specified in paragraph (i) above and (y) the Index Figure applicable to the first calendar day of the month following, calculated as specified in paragraph (i) above and rounded to the nearest fifth decimal place.

**"CPI Linked Notes"** means Notes which are specified as CPI Linked Notes in the relevant Final Terms.

**"CPIH Index Figure"** means, in relation to any relevant month (as defined in Condition 4.2.2) or any calculation month (as defined in Condition 4.2.3), subject as provided in paragraph (a) of Condition 7.2, the all items consumer prices index including owner occupiers' housing costs and council tax for the United Kingdom published by the Office for National Statistics (January 2015 = 100) or any comparable index which may replace the all items consumer prices index including owner occupiers' housing costs and council tax for the United Kingdom for the purpose of calculating the amount payable on repayment of the Indexed Benchmark Gilt (if any). Where CPIH is specified as the Index in the relevant Final Terms, any reference to the "Index Figure" which is specified in the relevant Final Terms as:

- (i) applicable to the first calendar day of any month shall, subject as provided in Condition 4.2 and Condition 4.4, be construed as a reference to the Index Figure published in the second month prior to that particular month and relating to the month before that of publication; or
- (ii) applicable to any other day in any month shall, subject as provided in Condition 4.2 and Condition 4.4, be calculated by linear interpolation between (x) the Index Figure applicable to the first calendar day of the month in which the day falls, calculated as specified in paragraph (i) above and (y) the Index Figure applicable to the first calendar day of the month following, calculated as specified in paragraph (i) above and rounded to the nearest fifth decimal place.

**"CPIH Linked Notes"** means Notes which are specified as CPIH Linked Notes in the relevant Final Terms.

**"CTA"** means the common terms agreement dated entered into on 21 March 2017 by (amongst others), the Obligors and the Security Trustee.

**"CTA 2009"** means the Corporation Tax Act 2009.

**"CTA 2010"** means the Corporation Tax Act 2010

**"Default Rate"** means the rate of interest per annum that is 1 per cent. over the rate of interest applicable to the Notes on the date on which an Event of Default first occurred.

**"Excluded Taxes"** means Taxes imposed as a result of the holder of a Note being organised under the laws of, or having its principal office or its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or that are Other Connection Taxes.

**"FATCA"** means:

- (i) sections 1471 to 1474 of the Code or any associated regulations;
- (ii) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (i) above; or
- (iii) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraph (i) or (ii) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction.

**"FATCA Deduction"** means a deduction or withholding from a payment under a Finance Document required by FATCA.

**"FATCA Exempt Party"** means a party that is entitled to receive payments free from any FATCA Deduction.

**"Fixed Rate Notes"** means Notes which are specified as Fixed Rate Notes in the relevant Final Terms.

**"Floating Rate Notes"** means Notes which are specified as Floating Rate Notes in the relevant Final Terms.

**"Governmental Authority"** means:

- (i) the government of United Kingdom or the U.S.;
- (ii) the government of any other jurisdiction in which the Group conducts all or any part of its business, or which asserts jurisdiction over any properties of the Group; or
- (iii) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

**"Guarantee"** means, in relation to each Guarantor, the guarantee of such Guarantor given by it pursuant to the Security Document to which it is a party.

**"HoldCo"** means Quadgas HoldCo Limited;

**"holder"** means, with respect to any Note, the person in whose name such Note is registered in the register maintained by the Issuer pursuant to Condition 9.1.

**"Index"** or **"Index Figure"** means the RPI Index Figure, CPI Index Figure or CPIH Index Figure, as applicable.

**"Index Linked Notes"** means CPI Linked Notes, CPIH Linked Notes and RPI Linked Notes.

**"Index Ratio"** means, in respect of any Calculation Date, the Index Figure applicable to such Calculation Date divided by the Base Index Figure.

**"Indexation Adviser"** means a gilt-edged market maker or other adviser selected by the Issuer and approved by the Majority Index-Linked Holders (each acting reasonably).

**"Indexed Benchmark Gilt"** means the index-linked sterling obligation of the United Kingdom Government listed on the Official List of the Financial Conduct Authority (in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended) and traded on the London Stock Exchange whose average maturity most closely matches that of the Notes as the Indexation Adviser shall determine to be appropriate.

**"Initial Swap Agreement"** is defined in Condition 5.9.2.

**"Institutional Investor"** means (a) any US PP Note Purchaser of a Note, (b) any holder of a Note holding (together with one or more of its affiliates) more than 5 per cent. of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or

other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

**"Interest Payment Date"** has the meaning given to it in the relevant Final Terms.

**"Interest Period"** means, with respect to any Floating Rate Notes, (i) the period beginning on the Issue Date and ending on the first Interest Payment Date and, thereafter (ii) the period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date, provided, however, that:

- (i) in no event may any Interest Period end after the maturity date of the Floating Rate Notes;
- (ii) if any Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day; and
- (iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the sixth (6th) succeeding calendar month.

**"Investment Issuer Act"** means the United States Investment Issuer Act of 1940.

**"Investor"** means each holder of a Shareholder Instrument.

**"Investor Affiliate"** means, in relation to any Investor, an "Affiliate" as defined in the MDA.

**"Issue Date"** has the meaning given to that term in the relevant Final Terms.

**"LIBOR"** means,

- (i) with respect to any interest period other than the first interest period (where Linear Interpolation is specified in the relevant Final Terms):
  - (a) the applicable Screen Rate as at 11:00 a.m. (London time) on the date of the commencement of such Interest Period; or
  - (b) (if no Screen Rate is available for such Interest Period) the Reference Bank Rate for Sterling and a six (6) month interest period determined as at 11:00 a.m. (London time) on the date of the commencement of such Interest Period;

and

- (ii) with respect to the first Interest Period (where Linear Interpolation is specified in the relevant Final Terms), a rate per annum determined as at 11:00 a.m. (London time) by interpolating linearly between (a) the interest rate then specified on the Reuters Screen LIBOR01 Page for Sterling and an interest period of the length specified in the relevant Final Terms, and (b) the interest rate then specified on the Reuters Screen LIBOR01 Page for Sterling and an interest period of the length specified in the relevant Final Terms, in each case commencing on the Issue Date.

**"Majority Index-Linked Holders"** means the holders of more than 50 per cent. in principal amount of the CPI Linked Notes, CPIH Linked Notes or RPI Linked Notes, as applicable, at the time outstanding (exclusive of Notes then owned by the Issuer or any of its Affiliates).

**"MDA"** means the master definitions agreement dated entered into on 21 March 2017 by (amongst others), the Obligors and the Security Trustee;

**"Note Documents"** means the Note Purchase Agreement, the Notes and each Accession Memorandum.

**"Noteholder Sanctions Event"** means, with respect to the holder or owner of a Note (an **"Affected Noteholder"**), such holder or any of its affiliates being in violation of or subject to sanctions under (a) any U.S. Economic Sanctions Laws as a result of the Issuer or any Controlled Entity becoming a Sanctions Restricted Person or, directly or indirectly, having any investment in or engaging in any dealing or transaction (including any investment, dealing or transaction involving the proceeds of the Notes) with any Sanctions Restricted Person, or (b) any similar laws, regulations or orders adopted by any state within the United States as a result of the name of the Issuer or any Controlled Entity appearing on a State Sanctions List, or (c) any similar laws, regulations or orders adopted by the United Nations, the European Union, the United Kingdom or any other Relevant Jurisdiction.

**"Obligors"** means the Issuer, MidCo and PledgeCo. **"OFAC"** means the Office of Foreign Assets Control of the United States Department of the Treasury.

**"OFAC Sanctions Program"** means any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>.

**"Officer's Certificate"** means a certificate of an Authorised Signatory of an Obligor.

**"OpCo"** means Cadent Gas Limited;

**"Other Connection Taxes"** means, with respect to any holder of a Note, Taxes imposed as a result of a present or former connection between such holder and the jurisdiction imposing such Tax (other than connections arising from such holder having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Note Document or other Finance Document, or sold or assigned an interest in any Note or Note Document or other Finance Document), including, for the avoidance of doubt, the maintenance of a permanent establishment in such jurisdiction.

**"Person"** means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organisation, business entity or Governmental Authority.

**"Rate of Interest"** means the rate of interest payable from time to time in respect of each Note and that is either specified in, or calculated in accordance with the provisions of, the relevant Final Terms.

**"Reference Bank Rate"** means the arithmetic mean of the rates (rounded up to four decimal places) as supplied to the Issuer at its request as at the specified time and date, and for the period, set forth in paragraph (b) of the definition of "LIBOR" quoted by the Reference Banks to leading banks in the London interbank market and agreed to by the Required Holders.

**"Reference Banks"** means the principal London office of three banks as may be specified by the Required Holders in consultation with the Issuer. If a Reference Bank does not supply a quotation as at the specified date and time, and for the period, set forth in paragraph (b) of the definition of "LIBOR", the applicable LIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

**"Reference Gilt"** means the index-linked Treasury Stock/Treasury Gilt specified as such in the relevant Final Terms for so long as such gilt is in issue, and thereafter such issue of index-linked Treasury Stock/Treasury Gilt determined to be appropriate by an Indexation Adviser.

**"Registrar"** means, in relation to any Notes, OpCo, or if applicable, any successor registrar.

**"Regulation D"** means Regulation D under the Securities Act.

**"Rejection Notice"** is defined in Condition 5.3.1.

**"Related Fund"** means, with respect to any holder of any Note, any fund or entity that (a) invests in securities or bank loans, and (b) is advised or managed by such holder, the same investment adviser as such holder or by an affiliate of such holder or such investment adviser.

**"Relevant Jurisdiction"** means the United States, the United Kingdom, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Spain, Sweden or Switzerland.

**"Remaining Average Life"** is defined in Condition 5.9.1.

**"Required Holders"** means at any time (i) prior to the Issue Date, the US PP Note Purchasers (ii) on or after the Issue Date, the holders of more than 50 per cent. in principal amount of the Notes outstanding at the time; and (iii) in relation to any matter affecting only one Series of Notes or in respect of any Entrenched Rights Matter, the holders of more than 50 per cent. in principal amount of the Notes outstanding at the time of such Series of Notes, in each case exclusive of Notes then owned by the Issuer or any of its Affiliates.

**"RPI Index Figure"** means, in relation to any relevant month (as defined in Condition 4.2.2) or any calculation month (as defined in Condition 4.2.3), subject as provided in paragraph (a) of Condition 7.2, the UK Retail Price Index (RPI) (for all items) published by the Central Statistical Office (January 1987 = 100) or any comparable index which may replace the UK Retail Price Index for the purpose of calculating the amount payable on repayment of the Reference Gilt. Where RPI is specified as the Index in the relevant Final Terms, any reference to the **"Index Figure"** which is specified in the relevant Final Terms as:

- (i) applicable to a particular month, shall, subject as provided in Conditions 4.2 and 4.4, be construed as a reference to the Index Figure published in the seventh month prior to that particular month and relating to the month before that of publication; or
- (ii) applicable to the first calendar day of any month shall, subject as provided in Conditions 4.2 and 4.4, be construed as a reference to the Index Figure published in the second month prior to that particular month and relating to the month before that of publication; or
- (iii) applicable to any other day in any month shall, subject as provided in Conditions 4.2 and 4.4, be calculated by linear interpolation between (x) the Index Figure applicable to the first calendar day of the month in which the day falls, calculated as specified in paragraph (ii) above and (y) the Index Figure applicable to the first calendar day of the month following, calculated as specified in paragraph (ii) above and rounded to the nearest fifth decimal place.

**"RPI Linked Notes"** means Notes which are specified as RPI Linked Notes in the relevant Final Terms.

**"Sanctioning Authority"** means (notwithstanding, for the purposes of these Conditions and the Note Purchase Agreement, the definition of "Sanctions Authority" in the MDA):

- (i) the United Nations Security Council;
- (ii) the United States of America;
- (iii) the European Union (or any of its member states);
- (iv) the UK;
- (v) Australia;
- (vi) Canada; and
- (vii) the governments and official institutions or agencies of any of paragraphs (i) to (vi) above, including the Office of Foreign Assets Control, the U.S. Department of State and Her Majesty's Treasury.

**"Screen Rate"** means the interbank offered rate for Sterling and a six-month interest period, displayed on the Reuters Screen LIBOR01 Page. If the appropriate page is replaced or service ceases to be available, the Issuer (with the agreement of the Required Holders) may specify another page or service displaying the appropriate rate.

**"Securities Act"** means the United States Securities Act of 1933.

**"Securitisation Regulations"** means the Taxation of Securitisation Companies Regulations 2006 (S.I. 2006/3296) which make provision for a specific regime for the taxation of "securitisation companies";

**"Security"** means the security constituted by the Security Documents including any guarantee or obligation to provide cash collateral or further assurance thereunder.

**"Security Agreement"** means the deed of charge and guarantee executed in favour of the Security Trustee by each of the Obligors on or about 31 March 2017.

**"Security Documents"** means the Security Agreement, the STID (including any Accession Memorandum thereto and any deed supplemental thereto) and any other security document executed on 21 March 2017 or thereafter by any of the Obligors evidencing or creating security over any asset of an Obligor to secure any obligation of any Obligor to a Secured Creditor under the Finance Documents.

**"Security Trustee"** means U.S. Bank Trustees Limited or any successor appointed pursuant to the STID.

**"Shareholder Instrument"** means:

- (i) any ordinary shares and preference shares in HoldCo, and any right of subscription for or conversion into such ordinary shares or preference shares; and
- (ii) any instrument, document or security granting a right of subscription for, or conversion into, any share capital of HoldCo;
- (iii) any unsecured loan notes issued by HoldCo; and
- (iv) any instrument evidencing indebtedness (whether or not interest bearing) issued by HoldCo,

but excludes any debt instrument or warrants issued to investors or lenders who are not Shareholders.

**"Shareholders"** means Allianz Infrastructure Luxembourg I S.à r.l, Amber Infrastructure Group Holdings Limited, Beijing Shunrong Investment Corporation, Britel Fund Trustees Limited (as custodian trustee of the BT Pension Scheme), Dalmore Infrastructure Investments 2 Limited Partnership, Hermes GPE Infrastructure Fund LP, Hermes GPE LLP, International Public Partnerships Limited, MIRA UK Gas Holdings LP, Qatar Investment Authority and National Grid plc (each an **"Original Shareholder"** and together with any transferees of the shareholdings of the Original Shareholders, the **"Shareholders"**).

**"State Sanctions List"** means a list that is adopted by any state or Governmental Authority within the United States of America pertaining to Persons that engage in investment or other commercial activities in Iran or any other country that is a target of economic sanctions imposed under U.S. Sanctions laws.

**"STID"** means the security trust and intercreditor deed to be entered into on or about 21 March 2017 between, among others, the Security Trustee together with any deed supplemental to the STID and referred to in the STID as a "Supplemental Deed";

**"Subsidiary"** means a subsidiary within the meaning of Section 1159 of the Companies Act 2006 and, unless the context otherwise requires, a subsidiary undertaking within the meaning of Section 1162 of the Companies Act 2006.

**"SVO"** means the Securities Valuation Office of the NAIC or any successor to such office.

**"Tax Credit"** means a credit against, relief or remission for, or repayment of any tax.

**"Tax Deduction"** means a deduction or withholding for or on account of Tax from a payment under the Note Purchase Agreement or the Notes other than a FATCA Deduction.

**"U.S."** means the United States of America.

**"U.S. Dollars"**, **"US\$"** or **"Dollars"** means the lawful currency for the time being of the United States of America.

**"U.S. Economic Sanctions Laws"** means those laws, executive orders, enabling legislation or regulations administered and enforced by the United States pursuant to which economic sanctions have been imposed on any person, entity, organisation, country or regime, including the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Iran Sanctions Act, the Sudan Accountability and Divestment Act and any other OFAC Sanctions Program or economic sanctions regulations.

## **USE OF PROCEEDS**

The net proceeds of the issue of each Tranche of Notes will be used for refinancing of existing debt and general corporate purposes of the MidCo Group. If in respect of an issue of Notes, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

## DESCRIPTION OF QUADGAS FINANCE PLC

The Issuer was incorporated in England and Wales on 14 February 2017 as a public company limited by shares under the Companies Act 2006. The Issuer's registered number is 10619488. The address of the Issuer's registered office is Ashbrook Court Prologis Park, Central Boulevard, Coventry, United Kingdom, CV7 8PE and the telephone number of the registered office is 02476 052697.

The Issuer's activities are solely those of a finance company. The Issuer is a special purpose financing entity with no business operations other than raising external funding for MidCo through the issuance of the Notes and other debt finance.

The Issuer is a wholly owned subsidiary of MidCo. The issued share capital of the Issuer is £50,000 divided into 50,000 ordinary shares. The Issuer does not have authorised share capital. The Issuer has no subsidiaries as at the date of this Prospectus.

As at the date of this Prospectus, the Directors of Quadgas Finance Plc and their principal activities outside Quadgas Finance plc are as follows:

<u>Name</u>	<u>Principal Occupation</u>	<u>Principal Activities outside the Issuer</u>
Mark Braithwaite	Director	Director of 23 entities in the Arqiva group, 6 entities in the Viesgo group, Innogy Grid Holding, a.s., Kemble Water International Holdings Limited, MEIF II Kemble GP Limited, Elenia Oy, Leadership Through Sport and Business, Quadgas Holdings Topco Limited and 5 subsidiaries, including Quadgas Finance plc and Quadgas Midco Limited.
Jaroslava Korpancova	Director	Director of 9 entities in the Affinity Water group, Daiwater Investment Limited, Net4Gas Holdings s.r.o., and Quadgas Holdings Topco Limited and 8 subsidiaries including Quadgas Finance plc and Quadgas Midco Limited. Member of Supervisory Board of Net4Gas s.r.o.
Christopher Train	Director	Director of Cadent Gas Limited, Cadent Finance PLC, Cadent Services Limited and Energy Networks Association.

The business address of each of the Directors of the Issuer is Ashbrook Court Prologis Park, Central Boulevard, Coventry, United Kingdom, CV7 8PE.

There are no potential conflicts of interest between the duties to the Issuer of each of the Directors listed above and their private interests or other duties.

## DESCRIPTION OF QUADGAS MIDCO LIMITED

MidCo was incorporated in England and Wales on 13 February 2017 as a private company limited by shares under the Companies Act 2006. MidCo's registered number is 10615396. The address of MidCo's registered office is Ashbrook Court Prologis Park, Central Boulevard, Coventry, United Kingdom, CV7 8PE and the telephone number of the registered office is 02476 052697.

MidCo's activities are solely those of a finance company. MidCo is a special purpose financing entity.

MidCo is a wholly owned subsidiary of PledgeCo. The issued share capital of MidCo is £510,558 divided into 5,105,581,781 ordinary shares. MidCo does not have authorised share capital.

MidCo has three subsidiaries as at the date of this Prospectus: the Issuer and Cadent and Cadent Services Limited ("**PropCo**").

As at the date of this Prospectus, the Directors of MidCo and their principal activities outside MidCo are as follows:

<b>Name</b>	<b>Principal Occupation</b>	<b>Principal Activities outside MidCo</b>
Abdulla Al-Ansari (alternate)	Investment Manager	Director of Alhosn Investment Company, Asaffa food co., Oman and Qatar insurance company and Quadgas Investments Bidco Limited and 4 subsidiaries including Quadgas Midco Limited.
Nicholas Axam (alternate)	Investment Manager	Director of Quadgas Holdings Topco Limited and 5 subsidiaries including Quadgas Midco Limited, 3 companies in the WoDS Transmission group and 10 entities in the Dalmore Capital Limited group.
Mark Braithwaite	Director	Director of 23 entities in the Arqiva group, 6 entities in the Viesgo group, Innogy Grid Holding, a.s., Kemble Water International Holdings Limited, MEIF II Kemble GP Limited, Elenia Oy, Leadership Through Sport and Business, Quadgas Holdings Topco Limited and 5 subsidiaries, including Quadgas Midco Limited.
Iain Coucher	Director	Director of AWE ML Limited, AWE plc and one subsidiary company, Quadgas Holdco Limited and 3 subsidiaries including Quadgas Midco Limited. Trustee of Conservation Education and Research Trust (Earthwatch Europe).
Richard Greenleaf (alternate)	Director	Director of MIRA Core Gas Limited, Quadgas Holdco Limited and 3 subsidiaries including Quadgas Midco Limited. Manager at Macquarie Corporate Holding Pty Limited.
Michael Gregory	Director	Director of IPP Holdings 1 Limited and 136 subsidiaries, Amber Infrastructure Group Holdings Limited and 47 subsidiaries, Ambrite Lift Holdings Limited and 1 subsidiary and Quadgas Investments Bidco Limited and 4 subsidiaries, including Quadgas Midco Limited.
Howard Higgins	Director	Director of LMIF Storage Holdings Ltd, Lombard Odier Infrastructure Fund GP Limited, Macquarie Storage Holdings Limited, Philippine Coastal Storage & Pipeline Corp., Tanquid Administration Limited, Edward Holdings

		and 4 subsidiaries and Quadgas Holdings Topco Limited and 5 subsidiaries, including Quadgas Midco Limited. Manager at Infrastructure Funds Sarl and member at Innogy Grid Holding a.s.
Deven Karnik	Director	Head of Infrastructure at Qatar Investment Authority. Director of HK Electric Investments Limited, HK Electric Investments Manager Limited, The Hong Kong Electric Company Limited and Quadgas Holding Topco Limited and 5 subsidiaries, including Quadgas Midco Limited. Alternate Director of FGP Topco Limited, ADI Finance 1 Limited, ADI Finance 2 Limited and Heathrow Airport Holdings Limited.
Jaroslava Korpancova	Director	Director of 9 entities in the Affinity Water group, Daiwater Investment Limited, Net4Gas Holdings s.r.o., and Quadgas Holdings Topco Limited and 8 subsidiaries including Quadgas Finance plc and Quadgas Midco Limited. Member of Supervisory Board of Net4Gas s.r.o.
Eduard Fidler	Investment Director	Director of Quadgas Holdco Limited and 3 subsidiaries including Quadgas Midco Limited.
Perry Noble (alternate)	Infrastructure Partner	Director of Long Harbour Holdings Limited, Associated British Ports Holdings Limited, ABP (Jersey) Ltd, Braes of Doune Wind Farm (Scotland) Limited, Fallago Rig Windfarm Limited, Tortoise GP (I) Limited, 5 entities in the Thames Water Group, 4 entities in the Hutchinson Water Group, Quadgas Holdco Limited and 3 subsidiaries including Quadgas Midco Limited and 12 entities in the Hermes Infrastructure group. Member of Tortoise Investments LLP.
Mark Mathieson	Director	Director of MIRA Core Gas Limited, Nortegas Energia Grupo, Mark Mathieson Consulting Limited, Smart DCC Limited, Quadgas Holdco Limited and 3 subsidiaries including Quadgas MidCo Limited. Manager at Macquarie Corporate Holding Pty Limited.
Alistair Graham Ray	Director	Director of Dalmore Capital 18 GP Limited, Dalmore Capital 19 GP Limited, Dalmore Capital 20 GP Limited, Coral Project Investments (Issuer) Limited, Coral Project Investments (Assetco) Limited, Redruth Holdings 2 Limited, DC3 (Issuer) Limited, DC3 (Assetco) Limited, DCF3 Mallard Limited, DII4 Mallard Limited, CAF Bank, Quadgas Holdings Topco Limited and 5 subsidiaries, including Quadgas Midco Limited.
Hua Su (alternate)	Investment Professional	Director of Quadgas Holdco Limited and 3 subsidiaries including Quadgas Midco Limited.
David Xie (alternate)	Investment Professional	Director of ADI Finance 1 Limited, ADI Finance 2 Limited, FGP Topco Limited, Heathrow Airport Holdings Limited, Quadgas Investments Bidco Limited and 4 subsidiaries, including Quadgas Midco Limited.

The business address of each of the Directors of MidCo is Ashbrook Court Prologis Park, Central Boulevard, Coventry, United Kingdom, CV7 8PE.

There are no potential conflicts of interest between the duties to MidCo of each of the Directors listed above and their private interests or other duties.

## DESCRIPTION OF QUADGAS PLEDGECO LIMITED

PledgeCo was incorporated in England and Wales on 13 February 2017 as a private company limited by shares under the Companies Act 2006. PledgeCo's registered number is 10614954. The address of PledgeCo's registered office is Ashbrook Court Prologis Park, Central Boulevard, Coventry, United Kingdom, CV7 8PE and the telephone number of the registered office is 02476 052697.

PledgeCo's activities are solely those of a finance company. PledgeCo is a special purpose financing entity.

PledgeCo is a wholly owned subsidiary of Quadgas HoldCo Limited ("**HoldCo**"). The issued share capital of PledgeCo is £510,558 divided into 5,105,581,781 ordinary shares. PledgeCo does not have authorised share capital.

PledgeCo has one subsidiary as at the date of this Prospectus: MidCo.

As at the date of this Prospectus, the Directors of PledgeCo and their principal activities outside PledgeCo are as follows:

<b>Name</b>	<b>Principal Occupation</b>	<b>Principal Activities outside PledgeCo</b>
Abdulla Al-Ansari (alternate)	Investment Manager	Director of Alhosn Investment Company, Asaffa food co., Oman and Qatar insurance company and Quadgas Investments Bidco Limited and 4 subsidiaries including Quadgas Pledgeco Limited.
Nicholas Axam (alternate)	Investment Manager	Director of Quadgas Holdings Topco Limited and 5 subsidiaries including Quadgas Pledgeco Limited, 3 companies in the WoDS Transmission group and 10 entities in the Dalmore Capital Limited group.
Mark Braithwaite	Director	Director of 23 entities in the Arqiva group, 6 entities in the Viesgo group, Innogy Grid Holding, a.s., Kemble Water International Holdings Limited, MEIF II Kemble GP Limited, Techem GmbH, Leadership Through Sport and Business, Quadgas Holdings Topco Limited and 5 subsidiaries, including Quadgas Pledgeco Limited.
Iain Coucher	Director	Director of AWE ML Limited, AWE plc and one subsidiary company, Quadgas Holdco Limited and 3 subsidiaries including Quadgas Pledgeco Limited. Trustee of Conservation Education and Research Trust (Earthwatch Europe).
Richard Greenleaf (alternate)	Director	Director of MIRA Core Gas Limited, Quadgas Holdco Limited and 3 subsidiaries including Quadgas Pledgeco Limited. Manager at Macquarie Corporate Holding Pty Limited.
Michael Gregory	Director	Director of IPP Holdings 1 Limited and 136 subsidiaries, Amber Infrastructure Group Holdings Limited and 47 subsidiaries, Ambrite Lift Holdings Limited and 1 subsidiary and Quadgas Investments Bidco Limited and 4 subsidiaries, including Quadgas Pledgeco Limited.
Howard Higgins	Director	Director of LMIF Storage Holdings Ltd, Lombard Odier Infrastructure Fund GP Limited, Macquarie Storage Holdings Limited, Philippine Coastal Storage & Pipeline

		Corp., Tanquid Administration Limited, Edward Holdings and 4 subsidiaries and Quadgas Holdings Topco Limited and 5 subsidiaries, including Quadgas Pledgeco Limited. Manager at Infrastructure Funds Sarl and member at Innogy Grid Holding a.s.
Deven Karnik	Director	Head of Infrastructure at Qatar Investment Authority. Director of HK Electric Investments Limited, HK Electric Investments Manager Limited, The Hong Kong Electric Company Limited and Quadgas Holding Topco Limited and 5 subsidiaries, including Quadgas Pledgeco Limited. Alternate Director of FGP Topco Limited, ADI Finance 1 Limited, ADI Finance 2 Limited and Heathrow Airport Holdings Limited.
Jaroslava Korpancova	Director	Director of 9 entities in the Affinity Water group, Daiwater Investment Limited, Net4Gas Holdings s.r.o. and Quadgas Holdings Topco Limited and 8 subsidiaries including Quadgas Pledgeco Limited. Member of Supervisory Board of Net4Gas s.r.o.
Eduard Fidler	Investment Director	Director of Quadgas Holdco Limited and 3 subsidiaries including Quadgas Pledgeco Limited.
Mark Mathieson	Director	Director of MIRA Core Gas Limited, Nortegas Energia Grupo, Mark Mathieson Consulting Limited, Smart DCC Limited, Quadgas Holdco Limited and 3 subsidiaries including Quadgas Pledgeco Limited. Manager at Macquarie Corporate Holding Pty Limited.
Perry Noble (alternate)	Infrastructure Partner	Director of Long Harbour Holdings Limited, Associated British Ports Holdings Limited, ABP (Jersey) Ltd, Braes of Doune Wind Farm (Scotland) Limited, Fallago Rig Windfarm Limited, Tortoise GP (I) Limited, 5 entities in the Thames Water Group, 4 entities in the Hutchinson Water Group, Quadgas Holdco Limited and 3 subsidiaries including Quadgas Pledgeco Limited and 12 entities in the Hermes Infrastructure group. Member of Tortoise Investments LLP.
Hua Su (alternate)	Investment Professional	Director of Quadgas Holdco Limited and 3 subsidiaries including Quadgas Pledgeco Limited
David Xie (alternate)	Investment Professional	Director of ADI Finance 1 Limited, ADI Finance 2 Limited, FGP Topco Limited, Heathrow Airport Holdings Limited, Quadgas Investments Bidco Limited and 4 subsidiaries, including Quadgas Pledgeco Limited.

The business address of each of the Directors of PledgeCo is Ashbrook Court Prologis Park, Central Boulevard, Coventry, United Kingdom, CV7 8PE.

There are no potential conflicts of interest between the duties to PledgeCo of each of the Directors listed above and their private interests or other duties.

## OVERVIEW OF THE FINANCING AGREEMENTS

PledgeCo, MidCo and the Issuer are the “Obligors” under the MidCo secured common debt platform established on 21 March 2017 (the “**MidCo Common Debt Platform**”). The Obligors entered into the Security Documents (including the STID), Common Terms Agreement, Tax Deed of Covenant, Account Bank Agreement and Master Definitions Agreement (the “**Common Documents**”) with, *inter alia*, the Security Trustee. The Common Documents set out the framework under which MidCo and the Issuer may raise debt (including the Notes) and contain common representations, warranties, covenants and events of default, as well as Intercreditor Arrangements (as defined below).

### **Security Trust and Intercreditor Deed**

#### **General**

The intercreditor arrangements in respect of the MidCo Group (the “**Intercreditor Arrangements**”) are contained in the STID and the CTA. The Intercreditor Arrangements bind each of the Secured Creditors and the Subordinated Creditors and each of the Obligors.

The Secured Creditors include any Additional Secured Creditors that may accede or have acceded to the STID after the Date of the STID. Any new Authorised Credit Facility Provider will be required to accede to the STID, the CTA and the Master Definitions Agreement. The STID requires that, to the extent that an Obligor wishes any person to accede as a Secured Creditor to the CTA, the Master Definitions Agreement and the STID, the relevant Obligor must notify the Security Trustee thereof in writing. Each such proposed Additional Secured Creditor (acting, where applicable, through its Secured Creditor Representative) must, together with the Obligor deliver to the Security Trustee an Accession Memorandum whereby it agrees to be bound by the terms of the STID, the Master Definitions Agreement and the CTA.

Unsecured creditors (other than the Subordinated Creditors) may not become parties to the Intercreditor Arrangements and, although ranking behind the Secured Creditors in an administration or other enforcement as a matter of law, will have unfettered independent rights of action in respect of their debts. However, the aggregate amount of unsecured Financial Indebtedness is restricted under the CTA.

The STID also contains provisions restricting the rights of Subordinated Creditors in respect of any Subordinated Debt of an Obligor from time to time. The STID contains mechanics requiring any creditor in respect of Subordinated Debt to accede to the STID as a Subordinated Creditor.

**"Subordinated Creditor"** means HoldCo and each credit provider in respect of Subordinated Debt and/or any agent in respect of such Subordinated Debt where such credit provider or agent has acceded to the CTA and the STID.

**"Subordinated Debt"** means any Financial Indebtedness which for the purpose of the STID is to be treated as Subordinated Liabilities and where the creditor in respect of such Financial Indebtedness has acceded to the STID and CTA as a Subordinated Creditor in respect of the Subordinated Liabilities.

**"Subordinated Liabilities"** means all present and future liabilities at any time of PledgeCo to a Subordinated Creditor in respect of any Financial Indebtedness.

The purpose of the Intercreditor Arrangements is to regulate, among other things (i) the claims of the Secured Creditors and the Subordinated Creditors; (ii) the exercise, acceleration and enforcement of rights by the Secured Creditors; (iii) the procedures by which the Secured Creditors can instruct the Security Trustee to exercise certain rights or take certain steps in respect of the Common Documents and to regulate their rights in respect of a Standstill (see the section “*Standstill*” below); (iv) the rights of the Secured Creditors to instruct the Security Trustee; (v) the Discretion Matters, the Entrenched Rights and the Reserved Matters of the Secured Creditors and the Enhanced Rights Matters; and (vi) the giving of consents and waivers and the making of modifications to the Common Documents.

The Intercreditor Arrangements also provide for the ranking in priority of payment of the claims of the Secured Creditors, both before and after any enforcement of the Security, and for the subordination of all claims of Subordinated Creditors. Each Secured Creditor (other than the Security Trustee), each Obligor and each Subordinated Creditor gives certain undertakings in the STID which serve to maintain the integrity of these arrangements.

#### **Modifications, Consents and Waivers**

The Transaction Agent is entitled to request the Security Trustee to concur in making any modification, giving any consent or granting any waiver under or in respect of any Common Document. Any such proposal or request will constitute a “**STID Proposal**”.

#### *STID Proposal*

Each STID Proposal shall be by way of notice in writing to the Security Trustee and shall certify whether such STID Proposal:

- (i) is in respect of a Discretion Matter, an Enhanced Rights Matter or a Voting Matter; and/or
- (ii) whether it gives rise to an Entrenched Right.

Where a STID Proposal gives rise to an Entrenched Right, it shall specify the Secured Creditors who are affected by the Entrenched Rights (the “**Affected Secured Creditors**”) in whose favour (in the reasonable opinion of the Transaction Agent) such STID Proposal gives rise to an Entrenched Right (or where a Secured Creditor Representative (other than itself) has been appointed by such Affected Secured Creditor, such Secured Creditor Representative) and as such whose consent is required for such modification, consent and/or waiver. A Secured Creditor will be "affected" by an Entrenched Right if the subject matter of such Entrenched Right constitutes or gives rise to an Entrenched Right with respect to such Secured Creditor.

#### *STID Voting Request*

Following receipt of a STID Proposal, the Security Trustee will deliver a STID Voting Request (attaching a copy of the STID Proposal) to each Secured Creditor (through its Secured Creditor Representative).

Each STID Voting Request will contain detailed provisions for raising objections to a voting category determination made by the Transaction Agent in any STID Proposal as to whether such STID Proposal gives rise to a Voting Matter, Discretion Matter or an Enhanced Rights Matter or gives rise to Entrenched Rights. The determination made by the Transaction Agent as to whether a STID Proposal gives rise to a Voting Matter, Discretion Matter or an Enhanced Rights Matter (each a “**Matter Determination**”) shall be binding on the Secured Creditors unless the Security Trustee on the instruction of the Qualifying Secured Creditors (acting through their Qualifying Secured Creditor Representatives) representing at least 10 per cent. of the Outstanding Principal Amount of the Qualifying Secured Debt (the “**Determination Dissenting Creditors**”) informs the Transaction Agent in writing within 7 Business Days of receipt by the Security Trustee of a STID Proposal that the Determination Dissenting Creditors disagree with the determination of voting category made in such STID Proposal and specify the revised Matter Determination of the relevant STID Proposal (the “**Determination Dissenting Notice**”).

The determination made by the Transaction Agent as to whether a STID Proposal gives rise to an Entrenched Right (an “**Entrenched Right Determination**”) shall be binding on the Secured Creditors unless the Security Trustee on the instruction of a Secured Creditor (acting through its Secured Creditor Representative) (each, an “**Entrenched Right Dissenting Creditor**”), informs the Transaction Agent in writing within 7 Business Days of the date of receipt by the Security Trustee of a STID Proposal that the Entrenched Right Dissenting Creditors disagree with the determination of whether such STID Proposal gives rise to an Entrenched Right of such Secured Creditor and specify the Secured Creditor whose Entrenched Right is affected (the “**Entrenched Right Dissenting Notice**” and together with the Determination Dissenting Notice, each a “**Dissenting Notice**”).

If the Security Trustee is not instructed to serve a Dissenting Notice within 7 Business Days of the date of the relevant STID Proposal, the Security Trustee and the Secured Creditors shall be deemed to have consented to the Matter Determination and/or Entrenched Right Determination.

The Security Trustee will request from each Qualifying Secured Creditor (through its Qualifying Secured Creditor Representative on behalf of such Qualifying Secured Creditor in respect of the related STID Proposal:

- (a) a vote in writing on the STID Proposal from such Qualifying Secured Creditor Representative on behalf of the relevant Qualifying Secured Creditor in accordance with the STID no later than the expiry of the Decision Period for or against implementation of that STID Proposal;
- (b) a certificate from such Qualifying Secured Creditor (through its Qualifying Secured Creditor Representative) that it is entitled under the terms of the STID to vote on the STID Proposal (except that where such Qualifying Secured Creditors are MTN Noteholders, confirmation from the Qualifying Secured Creditor Representative that it has received proof of holding satisfactory to it shall suffice) and stating the Outstanding Principal Amount of its Qualifying Secured Debt and its Voted Qualifying Secured Debt in accordance with Clause 12 (*Qualifying Secured Debt*) of the STID (in the case of Qualifying Secured Debt denominated in a currency other than the Base Currency, expressed in the Base Currency on the basis of the Exchange Rate set out in the STID Voting Request); and
- (c) a certificate from such Qualifying Secured Creditor Representative that the relevant Qualifying Secured Creditor (or certain of the relevant Qualifying Secured Creditors) is (or are) not a "Connected Party" (as defined in Clause 13.4 (*Disenfranchisement of Connected Parties*) of the STID) however, in the case of the MTN Notes, the Issuer or an agent on its behalf shall provide this certificate to the Security Trustee and the relevant Note Trustee and both such parties shall be entitled to rely on such certificate without liability to any person.

In addition, if the STID Proposal confirms that it gives rise to an Entrenched Right, the Security Trustee will request from the Secured Creditor Representative of each Affected Secured Creditor the consent of such Affected Secured Creditor to the implementation of the STID Proposal regarding the Entrenched Right.

#### ***Discretion Matters***

The Security Trustee may (subject as otherwise required in relation to Voting Matters, Enhanced Rights Matters and Entrenched Rights), as requested by the Transaction Agent by way of a STID Proposal, in its reasonable discretion, concur with the Transaction Agent and any other relevant party in any proposed modification to giving any consent under or granting any waiver in respect of any term of any Common Document to which the Security Trustee is a party or over which it has Security under the Security Documents if:

- (i) in its opinion, it is required to correct a manifest error, or it is of a formal, minor, technical or administrative nature; or
- (ii) such modification, consent or waiver is not, in the opinion of the Security Trustee (having regard to its obligations and duties as trustee to the Secured Creditors pursuant to the STID), materially prejudicial to the interests of any of the Secured Creditors,

(each a "**Discretion Matter**").

The Security Trustee shall be under no obligation to exercise its discretion in respect of any STID Proposal designated by the Transaction Agent as a Discretion Matter in the relevant STID Proposal and, if the Security Trustee chooses not to exercise its discretion, it shall notify the Transaction Agent, which may then issue a STID Proposal, referring to another category.

### **Enhanced Rights Matters**

The Security Trustee shall (without any requirement to obtain the consent or sanction of any other Secured Creditor) (but subject to Entrenched Rights) as requested by the Transaction Agent by way of a STID Proposal, concur with the Transaction Agent and any other relevant party with any proposed modification, amendment, consent or waiver in or under any Common Document that results in:

- (i) any member(s) of the Group becoming subject to additional covenants or covenants which are more restrictive than any covenants imposed on any member(s) of the Group under the Common Documents;
- (ii) any member(s) of the Group giving, or being deemed to give, additional or more frequent representations or warranties or representations or warranties which are more extensive than any representation or warranty given or deemed to be given under the Common Documents;
- (iii) any additional event or circumstance (other than relating to a financial covenant) giving rise to a Trigger Event; or
- (iv) any additional event or circumstance (other than relating to a financial covenant) giving rise to an Event of Default,

provided that (a) such modification, amendment, consent or waiver shall not impose any additional obligations on any Secured Creditor or reduce the protections or rights of any Secured Creditor or the Security Trustee; and (b) each Secured Creditor shall have the benefit of each such additional or enhanced covenant, representation, warranty, Trigger Event or Event of Default (each, an **"Enhanced Rights Matter"**).

### **Specific Consent Matters**

#### *Consequential Amendments, Consents and Waivers*

Subject to Entrenched Rights, any consequential amendments, consents or waivers required to be made or granted pursuant to any Common Document:

- (i) for the purpose of complying with, or implementing or reflecting, any change in the criteria of the Rating Agency which may be applicable from time to time in order to maintain a rating of at least Investment Grade but no higher than the rating of the MTN Notes on the Closing Date; or
- (ii) in order to enable the Obligors and/or any MidCo Hedge Counterparty to comply with:
  - (a) any obligation which applies to it under Articles 9, 10 and 11 of Regulation (EU) 648/2012 of the European Parliament and of the Council of OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators) ("**EMIR**"); or
  - (b) any other obligation which applies to it under EMIR; or
- (iii) for the purpose of enabling the MTN Notes or the PP Notes to be (or to remain) listed on a stock exchange;
- (iv) for the purposes of enabling MidCo, the Issuer or any of the other parties to the Finance Documents to comply with FATCA (or any voluntary agreement entered into with a Tax Authority in relation thereto); or
- (v) in order to facilitate the appointment of a Standstill Cash Manager and its accession to the Standstill Cash Manager Accession Documents,

shall not constitute a Voting Matter or Enhanced Rights Matter (notwithstanding that such amendment, consent or waiver would relate to a Voting Matter or an Enhanced Rights Matter, were it not for this

limitation) and there shall be no requirement to obtain the consent of any Qualifying Secured Creditor, to give effect to such amendment, consent or waiver, provided that:

- (a) the Transaction Agent certifies in writing to the Security Trustee that such proposed amendment, consent or waiver does not give rise to an Entrenched Right and is required solely for the purpose contemplated in the relevant aforementioned paragraph and has been drafted solely to such effect (a "**Modification Certificate**"), and:
  - (A) at least 30 days' prior written notice of any such proposed modification has been given to the Security Trustee and the Secured Creditor Representatives of each of the Qualifying Secured Creditors;
  - (B) the Modification Certificate in relation to such modification is provided to the Security Trustee both at the time the Security Trustee is notified of the proposed modification and on the date that such modification takes effect;
- (b) save for paragraph (ii) above, the Transaction Agent:
  - (A) obtains from the Rating Agency written confirmation, a copy of which the Transaction Agent provides to the Security Trustee, (or certifies in the Modification Certificate that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at the Rating Agency) that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any of the MTN Notes by such Rating Agency; or (y) such Rating Agency placing any MTN Notes on rating watch negative (or equivalent); or
  - (B) certifies in the Modification Certificate that it has informed the Rating Agency of the proposed modification and if the Rating Agency has not indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any of the MTN Notes by such Rating Agency or (y) such Rating Agency placing any MTN Notes on rating watch negative (or equivalent);
- (c) the Qualifying Secured Creditors (acting through their Secured Creditor Representatives) representing at least 20 per cent. of the Outstanding Principal Amount of the Qualifying Secured Debt have not objected to such amendment, consent or waiver within 30 days of receipt by the Security Trustee and the Secured Creditor Representatives of each of the Qualifying Secured Creditors of the written notice of any such proposed modification as contemplated in paragraph (a)(A) above; and
- (d) prior written notice of such proposed amendment, consent or waiver has been given to the Security Trustee and the Secured Creditor Representatives and no Secured Creditor (acting through its Secured Creditor Representative) has informed the Security Trustee within 7 Business Days of such notice having been given that such Secured Creditor disagrees with the determination by the Transaction Agent that such amendment, consent or waiver would not constitute an Entrenched Right had it been treated as a Voting Matter (or if the Security Trustee has been so informed, the procedures following a Secured Creditor disagreeing with whether the determination of whether a STID Proposal gives rise to an Entrenched Right shall apply).

#### *Financial Ratios*

The STID allows amendment to the level of any financial ratio or related financial covenant definition contained within the Covenants set out in the CTA, the Trigger Events or the Events of Default, where such amendment is made following:

- (i) a Periodic Review;
- (ii) any transfer of activities in respect of its Appointed Business;
- (iii) any reduction in RAV as a result of any change in price control methodology; or

- (iv) any material change in the regulation of the gas distribution and transportation industry in the United Kingdom,

provided that:

- (a) the Security Trustee agrees (acting on the instructions of the Majority Creditors); and
- (b) an Investment Grade has been affirmed by all Rating Agencies then rating the MTN Notes or in circumstances where a Rating Agency is not willing to issue a rating affirmation due to its then prevailing policy regarding the issue of rating affirmations, MidCo has certified in writing to the Security Trustee that, in its opinion (and where the relevant Rating Agency was prepared to consult with the Transaction Agent this opinion is based on consultation with such Rating Agency), such amendment would not cause the ratings of the MTN Notes to be downgraded below an Investment Grade by such Rating Agency.

### ***Voting Matters***

Any matter which is not a Discretion Matter, an Enhanced Rights Matter or one of the matters falling into one of the specific consent matters disclosed above is a Voting Matter ("**Voting Matter**"). In relation to a Voting Matter, and subject always to Entrenched Rights, the Security Trustee shall only agree to any modification or grant any consent or waiver if so instructed by the Majority Creditors, provided that the relevant Quorum Requirement has been met.

The STID contains detailed provisions setting out the voting and instruction mechanics in respect of Voting Matters, including provisions specifying the relevant decision periods and quorum requirements.

### ***Decision Period***

Each STID Proposal shall specify the period of time within which the approval of the Security Trustee is sought (the "**Decision Period**") which, subject to the provisions of the STID, shall not be fewer than:

- (i) in the case of any matter which does not give rise to an Entrenched Right in respect of a MTN Noteholder, 15 Business Days from the date of delivery of the STID Proposal to the Security Trustee; or
- (ii) if the STID Proposal gives rise to an Entrenched Right and the Entrenched Right is one in respect of which the MTN Noteholders of a Series of MTN Notes are the Affected Secured Creditors, 45 days from the date of delivery of the STID Proposal to the Security Trustee,

provided that, in each case, for Voting Matters (whether or not giving rise to an Entrenched Right), the Decision Period shall be extended for a further period of 5 Business Days if the Quorum Requirement has not been met within the initial Decision Period.

### ***Quorum Requirement for Voting Matters***

The required quorum in respect of any Voting Matter shall be one or more Qualifying Secured Creditor(s) representing in aggregate at least 20 per cent. of the entire Outstanding Principal Amount of all Qualifying Secured Debt, provided that, if the Quorum Requirement has not been met within the relevant initial Decision Period, during any Extension Period (as defined below), the Quorum Requirement shall be one or more Qualifying Secured Creditor(s) representing in aggregate at least 5 per cent. of the entire Outstanding Principal Amount of all Qualifying Secured Debt (the "**Quorum Requirement**").

If the Quorum Requirement has not been met within any initial Decision Period, the Security Trustee shall, promptly following the last day of the initial Decision Period, send a notice to all Qualifying Secured Creditor Representatives of Qualifying Secured Debt and all other Secured Creditors (or, where applicable, their Secured Creditor Representatives) confirming that the relevant Quorum Requirement was not met on such date and specifying the extended date by which the votes of the Qualifying Secured Creditor Representatives must be received by the Security Trustee in respect of the extended Decision Period (the "**Extension Period**") (to the extent not already received by the Security Trustee during the initial Decision Period).

### *Majority Creditors*

If the Quorum Requirement for a Voting Matter is satisfied, a resolution in respect of a Voting Matter shall be passed by the Majority Creditors. Decisions of the Majority Creditors in relation any STID Proposal passed in accordance with the STID will bind the Secured Creditors in all circumstances provided that the relevant Quorum Requirement was met.

### **Secured Creditor Instructing Group**

Provided that the relevant Quorum Requirement has been met, decisions of the Majority Creditors will bind all of the Secured Creditors in all circumstances, save for certain Entrenched Rights (see the section "*Entrenched Rights*" below).

The following persons shall act as Secured Creditor Representatives for the persons identified to exercise (as the agent), all of their rights under the Common Documents:

- (a) in respect of the Initial Senior Facility Providers, the Initial Facility Agent;
- (b) in respect of each DSR Liquidity Facility Provider, the relevant DSR Liquidity Facility Agent under each DSR Liquidity Facility Agreement;
- (c) in respect of each MidCo Hedge Counterparty, that MidCo Hedge Counterparty;
- (d) in respect of an Account Bank, that Account Bank;
- (e) in respect of the Security Trustee, the Security Trustee;
- (f) in respect of the MTN Noteholders for each Series of MTN Notes, the Note Trustee and any successor Note Trustee in regard of itself and the holders of that Series of MTN Notes in accordance with the Note Trust Deed;
- (g) in respect of the PP Noteholders (including the US PP Noteholders), the PP Note Secured Creditor Representative (as defined in the relevant Note Purchase Agreement) or if no party has been identified then the individual PP Noteholder; and
- (h) in respect of any other Additional Secured Creditor from time to time, the Secured Creditor Representative named in its Accession Memorandum and in accordance with Clause 11.4 (*Secured Creditor Representatives of Additional Secured Creditors*) of the STID.

(the "**Secured Creditor Representatives**").

Any Additional Secured Creditor which accedes to the STID and the CTA after the date of the STID shall appoint the Secured Creditor Representative identified below as its agent to exercise all the rights of such Additional Secured Creditor under the STID and the CTA:

- (i) in respect of each Authorised Credit Facility which is a bilateral agreement (by way of a loan, note certificate or otherwise) other than the MidCo Issuer/MidCo Loan Agreement (or equivalent) in respect of the MTN Notes or any PP Notes, the relevant Qualifying Secured Creditor party to such Authorised Credit Facility;
- (ii) in respect of each Authorised Credit Facility which is a multi-lateral agreement (other than MTN Notes or PP Notes but including any loan agreement or notes where the lenders or noteholders are represented by an agent), the facility agent (or equivalent agent appointed by all of the Authorised Credit Facility Providers party to such Authorised Credit Facility);
- (iii) in respect of any PP Notes, the secured creditor representative of the relevant PP Noteholders appointed in accordance with the terms of the relevant note purchase agreement or the PP Notes, as applicable or if no other party has been appointed, the individual PP Noteholder;
- (iv) in respect of each MidCo Hedging Agreement, the MidCo Hedge Counterparty thereto; and
- (v) in respect of each Series of MTN Notes, the Note Trustee in respect of such Series of MTN Notes.

### ***MTN Noteholder Voting***

In respect of any Voting Matter, each of the MTN Noteholders shall be entitled to direct the Note Trustee to vote on its behalf as its Secured Creditor Representative in accordance with the voting procedures set out in the Note Trust Deed and the STID. Such voting procedures envisage that for any Voting Matter which does not give rise to an Entrenched Right of the MTN Noteholders (a "**STID Direct Voting Matter**"), the MTN Noteholders, as the case may be, may instruct the Note Trustee without convening a MTN Noteholders Meeting.

For any matter involving Entrenched Rights of the MTN Noteholders, a MTN Noteholders Meeting will be convened.

In respect of any STID Direct Voting Matter, direction given by the relevant MTN Noteholder within the timeframes specified in the Note Trust Deed, shall be binding on the Note Trustee, and the Note Trustee shall cast a vote accordingly on behalf of such MTN Noteholder in respect of the relevant Voting Matter pursuant to the terms of the STID. Votes will be divided between votes cast in favour and votes cast against, on the basis of one vote in respect of each integral currency unit of the specified currency of the Notes in an amount equal to the aggregate Outstanding Principal Amount of each MTN Note, as the case may be, that voted on the STID Direct Voting Matter within the relevant Decision Period. Votes cast in favour and votes cast against will then be aggregated by the Security Trustee with the votes cast for and against by the other Qualifying Secured Creditors. All votes will be cast and notified to the Security Trustee on a Series by Series basis.

In respect of any Entrenched Rights Matter, where an MTN Noteholder Meeting is called, votes of the relevant MTN Noteholders against such Entrenched Rights Matter shall be cast in an amount equal to the entire Outstanding Principal Amount of the relevant Class of MTN Notes. Only an Extraordinary Resolution passed by any Class of MTN Noteholders shall be treated as a vote in favour of the relevant STID Proposal giving rise to the Entrenched Rights affecting the relevant Class of MTN Noteholders.

For so long as any Secured Debt is held directly or indirectly (which term includes for these purposes the ability to direct the exercise of voting rights of a holder of Secured Debt), or beneficially owned by or on behalf of the Issuer, the other Obligors, any Subsidiary thereof or any other member of the Group, (each of the foregoing being a "**Connected Party**") or for so long as a Connected Party has entered into a sub-participation agreement relating to any Secured Debt or other agreement or arrangement having substantially similar economic effect and such agreement or arrangement has not been terminated:

- (i) in ascertaining the Majority Creditors or Quorum Requirement for any consent, waiver, amendment or other vote under the STID, the Outstanding Principal Amount of such Connected Party or that of any lender of record or equivalent under any sub-participation agreement or equivalent or arrangement shall be zero; and
- (ii) such Connected Party shall not be an Affected Secured Creditor,

### ***MidCo Hedge Counterparties***

Each MidCo Hedge Counterparty is or will be a Secured Creditor party to the STID, the CTA, the Master Definitions Agreement and the MidCo Hedging Agreement pursuant to which such MidCo Hedge Counterparty provides hedging in respect of exposures to currency exchange, inflation and interest rate fluctuations in accordance with the Hedging Policy. The MidCo Hedge Counterparties will only be Qualifying Secured Creditors in respect of any Voting Matter to take Enforcement Action under any Security Agreement and after the termination of a Standstill Period (other than due to a Standstill Remedy).

See also the sections "*Cash Management*" and "*Hedging*" below.

### ***DSR Liquidity Facility Providers***

Each DSR Liquidity Facility Provider and each DSR Liquidity Facility Agent is or will be a Secured Creditor and a party to the STID, the CTA, the Master Definitions Agreement and the DSR Liquidity

Facilities constitutes or will constitute Secured Debt. The DSR Liquidity Facility Providers will not be Qualifying Secured Creditors.

**Authorised Credit Facility Providers**

Each Authorised Credit Facility Provider (other than the DSR Liquidity Facility Providers) will be Qualifying Secured Creditors.

**Standstill**

The STID provides for an automatic standstill of the claims of the Secured Creditors against the Obligors (the “**Standstill**”) upon notification by any Secured Creditor Representative to the Security Trustee of an Event of Default occurring (other than, for the avoidance of doubt, an Event of Default as defined in any Hedging Agreement with respect to a Hedge Counterparty) in accordance with the provisions of the STID.

During the Standstill Period:

- (i) none of the Secured Creditors will be entitled to give any instructions to the Security Trustee to take any Enforcement Action (but without prejudice to the ability of the Secured Creditors to demand payment in accordance with the terms of the relevant Finance Document) in relation to the Security granted by the Obligors (other than PledgeCo);
- (ii) subject to the provisions on Permitted Share Pledge Acceleration, the Security granted by PledgeCo may be enforced at any time by the Security Trustee at the direction of the Majority Creditors (provided that the relevant Quorum Requirement has been met); and
- (iii) save as provided in paragraphs (i) and (ii) above, no Enforcement Action may be taken by any Secured Creditor.

Notwithstanding the restrictions described above, (i) during a Standstill Period, any monies received by MidCo and the Issuer and all monies credited to the Accounts, will be applied in accordance with the cash management provisions contained in the CTA (see the section “*Cash Management*” below) and, upon application in the discharge of the Secured Liabilities, in accordance with the Payment Priorities (see the section “*Cash Management – Debt Service Reserve Account*” below); and (b) MidCo and the Issuer will continue to be entitled to make drawings under the DSR Liquidity Facilities.

The period of the Standstill in respect of any Event of Default (the “**Standstill Period**”) will be 18 months’ subject to the Standstill Period being extended beyond 18 months (see the section “*Standstill Extension*” below) or terminated upon the earliest of:

- (i) the date of any Energy Administration Order in respect of Cadent or on which any formal steps are taken to commence Insolvency Proceedings against any Obligor (other than PledgeCo) other than proceedings that are commenced by the Security Trustee;
- (ii) (during the first 18 months of the Standstill Period) the date on which Qualifying Secured Creditor Representatives in respect of 66 2/3 per cent. or more of the aggregate Outstanding Principal Amount of the Qualifying Secured Debt vote to terminate the Standstill Period and (after such first 18 months) the date on which the Standstill Period terminates as described in the section “*Standstill Extension*” below; and
- (iii) the date of any waiver granted in accordance with the STID or the date of remedy of the Event of Default giving rise to the Standstill Period (such waiver or remedy, a “**Standstill Remedy**”).

The occurrence of a Standstill will not of itself prevent the Issuer and MidCo drawing under the DSR Liquidity Facilities.

Upon termination of a Standstill Period (except by virtue of the Standstill Remedy), each Secured Creditor will be entitled to exercise all rights which may be available to it under any Finance Document

(other than any Security Document) (including directing the Security Trustee to take Enforcement Action).

### **Standstill Extension**

In the event that a Standstill Period which has commenced upon the occurrence of an Event of Default has not been terminated within 18 months after the date of its commencement, then such Standstill Period shall be automatically extended for a further 120 days unless the Qualifying Secured Creditor Representatives in respect of 50 per cent. or more of the aggregate Outstanding Principal Amount of Qualifying Secured Debt vote at any time prior to or during such further 120 days to terminate the Standstill Period.

In the event that an extended Standstill Period has not been terminated as described above, then such Standstill Period shall be automatically extended for a further 60 days unless Qualifying Secured Creditor Representatives in respect of 33⅓ per cent or more of the aggregate Outstanding Principal Amount of Qualifying Secured Debt vote at any time prior to or during such further 60 days to terminate the Standstill Period.

In the event that a further extended Standstill Period has not been terminated as described above, the Standstill Period shall be automatically extended for successive periods each of 60 days unless Qualifying Secured Creditor Representatives in respect of 10 per cent. or more of the aggregate Outstanding Principal Amount of Qualifying Secured Debt vote at any time prior to or during such further 60 days to terminate the Standstill Period and a vote shall be taken of the relevant Qualifying Secured Creditor Representatives on the expiry of each subsequent period of 60 days for so long as the Standstill Period continues as to whether the Standstill Period should continue for a further period of 60 days.

If the Qualifying Secured Creditor Representatives vote to terminate the Standstill Period as described above, the Standstill Period will automatically terminate on the day following the date of such vote.

For these purposes, the Note Trustee shall not form part of the Secured Creditor Representatives in respect of the Outstanding Principal Amount of Qualifying Secured Debt required to terminate the Standstill Period unless the Note Trustee has been directed or requested to vote in such manner in accordance with the provisions of the Note Trust Deed.

### **Enforcement**

At any time after any of the Security Documents has become enforceable in accordance with its terms (including, for the avoidance of doubt, after any Permitted Share Pledge Acceleration), the Security Trustee shall (in the case of the Security granted by each of MidCo and the Issuer, subject to the Standstill provisions) if so instructed by the Majority Creditors (subject to the relevant Quorum Requirement being met) (in accordance with the votes from Majority Creditors in respect of a STID Voting Request or a valid Direction Notice), in each case, subject to the STID, enforce all rights vested in the Security Trustee by virtue of, or pursuant to, its holding the interests conferred on it by the Security Documents or under the Ancillary Documents and all rights to make demands, bring proceedings or take any other action in respect of such rights (the "**Rights**") in accordance with the instructions of the Majority Creditors (subject to the relevant Quorum Requirement being met).

All Proceeds of any such enforcement will be forthwith paid or delivered directly to or to the order of the Security Trustee in accordance with the STID to be applied by the Security Trustee in accordance with the Payment Priorities (see the section "*Cash Management – Debt Service Reserve Account*" below).

### **Entrenched Rights**

As described above, modifications, consents and waivers will be agreed to by the Security Trustee, in accordance with the Discretion Matter, Voting Matter or Enhanced Rights Matter procedure, but subject always to Entrenched Rights.

No proposed modification to be made, consent to be given or waiver to be granted, in respect of any Common Document which gives rise to an Entrenched Right shall be effective, and the Security Trustee

shall not concur with the Transaction Agent in making any modification to, giving any consent under or granting any waiver in respect of breaches or proposed breaches of any Common Document which gives rise to an Entrenched Right:

- (i) if the MTN Noteholders are Affected Secured Creditors and the Note Trustee has confirmed in writing to the Issuer, the Security Trustee and the Transaction Agent that the holders of the relevant MTN Notes then outstanding affected by the Entrenched Right have considered an Extraordinary Resolution to approve the modification, consent or waiver in accordance with the provisions of the Note Trust Deed but that such Extraordinary Resolution was not passed or a quorum was not present at the meeting convened (or, as the case may be, reconvened) to consider such Extraordinary Resolution; and
- (ii) in the case of any other Affected Secured Creditor, if such other Affected Secured Creditor (acting through their Secured Creditor Representative) has confirmed to the Security Trustee its rejection of the relevant modification, consent or waiver (subject to any required quorum and voting majorities specified in the relevant Authorised Credit Facilities),

in each case, within the Decision Period. To the extent that the Security Trustee has received no notice under paragraph (i) or (ii) above from an Affected Secured Creditor (acting through its Secured Creditor Representative) prior to the end of the Decision Period then such Affected Secured Creditor shall be deemed to have consented to the relevant modification, consent or waiver and no party shall suffer any liability whatsoever for acting upon such deemed consent.

For the avoidance of doubt, individual MTN Noteholders shall not be entitled to reject a STID Proposal on the basis of an Entrenched Right other than through the Note Trustee.

#### ***Overriding principle***

No Entrenched Right will operate to override the provisions contained in the STID which allow amendment to the level of any financial ratio or related financial covenant definition contained within the Covenants set out in the CTA, the Trigger Events or the Events of Default, where such amendment is made in accordance with the terms of the STID (see the section "*Specific Consent Matters*" above).

#### ***Entrenched Rights***

Entrenched Rights are rights that, subject to the provisions set out in the STID, can only be modified, consented to or waived in accordance with the STID if the Affected Secured Creditor approves the relevant modification, consent or waiver.

#### ***Entrenched Rights of Secured Creditors***

With respect to the Secured Creditors, no modification to, or consent or waiver under or in respect of, any term of the STID and/or any other Finance Document will be effective without the consent of the Secured Creditor (or, where applicable, the Standstill Cash Manager) if the proposed modification, consent or waiver:

- (i) as demonstrated by the relevant Secured Creditor (or, where applicable, its Secured Creditor Representative) to the satisfaction of the Security Trustee, would result in an increase in or would adversely modify its obligations or liabilities under or in connection with the STID or any other Finance Document;
- (ii) would (i) release any of the Security (unless at least equivalent replacement security is taken at the same time) unless such release is expressly permitted in accordance with the STID and the relevant Security Document or (ii) adversely alter the rights of priority of, or the enforcement by, the relevant Secured Creditor (or, where applicable, its Secured Creditor Representative) under the Security Documents other than as expressly contemplated therein;
- (iii) would adversely change the Payment Priorities;

- (iv) would amend or have the effect of amending the Entrenched Rights or the Reserved Matters or, where applicable, the relevant Secured Creditor's Entrenched Rights or Reserved Matters (in each case including any supplement to the Entrenched Rights of an Additional Secured Creditor as specified in the relevant Accession Memorandum);
- (v) would amend or would have the effect of amending (i) the definitions of "Common Documents", "Finance Documents", "Majority Creditors", "Qualifying Secured Debt", "Quorum Requirement", "Restricted Payment", "Restricted Payment Conditions", "Qualifying Secured Creditor Representative" or "Voted Qualifying Secured Debt", (ii) those matters expressly requiring the consent, approval or agreement of, or directions or instructions from, or waiver by the Majority Creditors or the Security Trustee, or (iii) the percentages of aggregate Outstanding Principal Amount of Qualifying Secured Debt required to terminate a Standstill;
- (vi) would delay the date fixed for payment of or payment of amounts in the nature of principal, interest or Make-Whole Amount in respect of the relevant Secured Creditor's Secured Debt or of any fees or premia in respect of such principal, interest or Make-Whole Amount or would reduce the amount of, or amount in the nature of, principal, interest or Make-Whole Amount payable in respect of such Secured Debt or the amount of any fees or premia in respect of such principal, interest or Make-Whole Amount;
- (vii) would result in the exchange of the relevant Secured Creditor's Secured Debt for, or the conversion of such Secured Debt into, shares, notes or other obligations of any other person;
- (viii) would change the currency of payment due under the relevant Secured Creditor's Secured Debt;
- (ix) subject to paragraph (x) below, would change any Event of Default as set out the CTA or any Trigger Event as set out the CTA, or any financial ratios set out in the Finance Documents (excluding any change permitted by the CTA following a Periodic Review or any material change in the regulation of the gas distribution industry in the United Kingdom);
- (x) would relate to the waiver of any Events of Default relating to non-payment or financial ratios or to the waiver of any Trigger Events relating to financial ratios or the making of Restricted Payments;
- (xi) would change the rights of the relevant Secured Creditor to receive any sums owing to it for its own account in respect of fees, costs, charges, liabilities, Taxes, damages, proceedings, claims and demands in relation to any Finance Document to which it is a party (excluding, for the avoidance of doubt, the principal, interest or Make-Whole Amount or amounts in the nature thereof payable to the relevant Secured Creditor);
- (xii) would change any existing obligation of an Obligor to gross up any payment in respect of the relevant Secured Creditor's Secured Debt in the event of the imposition of withholding taxes; or
- (xiii) in the case of the Standstill Cash Manager, would result in an increase in or would adversely modify its obligations or liabilities under or in connection with the STID and/or any other Finance Document,

where "**adversely**" means, in respect of any change to the Payment Priorities or other rights of priority, a change which has the effect of changing the priority of the Secured Creditors relative to each other, or relative to any amounts ranking *pari passu* with or in priority to the Secured Creditors provided that the creation of payments which rank subordinate to a Secured Creditor shall not be an adverse change in respect of a Secured Creditor.

Where a matter is to be demonstrated by a party to the satisfaction of the Security Trustee, the Security Trustee shall be entitled to rely, and thereby be regarded as being satisfied in relation thereto, on any written confirmation signed by two Authorised Signatories of the relevant party.

#### *Entrenched Rights of the Note Trustee*

Notwithstanding the provisions of the STID in relation to modifications, consents and waivers, with respect to the Note Trustee, no modification to, or consent or waiver under or in respect of, any term of the STID and/or any other Finance Document will be effective against the Note Trustee if the modification, waiver or consent would:

- (i) adversely affect its own interests;
- (ii) relate to any Reserved Matters of the Note Trustee; or
- (iii) have the effect of changing any provision of the Entrenched Rights of the Note Trustee,

and the Note Trustee shall be entitled to make such determination, in its sole discretion, without having to give any reason and without being subject to the notification and dispute procedures described in the section "*STID Voting Request*" above.

#### *Other Secured Creditors' Entrenched Rights*

The Security Trustee and the Hedge Counterparties have certain other limited Entrenched Rights in relation to any provisions of the Finance Documents that generally affect them to a greater extent than others.

#### **Reserved Matters**

The parties to a Finance Document (which is not a Common Document) (an "**Other Finance Document**") may agree to any modification to, give their consent under or grant any waiver in respect of any matter under that Other Finance Document without the consent of any other party provided that, if such modification, consent or waiver is inconsistent with any provisions of the CTA or the STID, the relevant provision of the CTA or the STID shall prevail.

In addition:

- (i) each of the Secured Creditors and/or their respective Secured Creditor Representatives reserves to themselves the right to decide the Reserved Matters of the Secured Creditors and/or their respective Secured Creditor Representatives;
- (ii) the Security Trustee reserves to itself the right to decide the Reserved Matters of the Security Trustee;
- (iii) the Note Trustee reserves to itself the right to decide the Reserved Matters of the Note Trustee; and
- (iv) each Hedge Counterparty reserves to itself the right to decide the Reserved Matters of the Hedge Counterparty.

Reserved Matters are matters which, subject to the Intercreditor Arrangements and the CTA, the Secured Creditors and/or their respective Secured Creditor Representatives are free to exercise in accordance with its own facility arrangements and so are not exercisable by or by direction of the Majority Creditors.

Those Reserved Matters which the Secured Creditors and/or their respective Secured Creditor Representatives reserve to themselves to decide are each and every right, power, authority and discretion of, or exercisable by, the Secured Creditors and/or their respective Secured Creditor Representatives at any time:

- (i) to receive any sums owing to it for its own account in respect of premia (including any Make-Whole Amount, principal, fees, interest, costs, charges, liabilities, damages, proceedings, claims and demands (and in each case, amounts in the nature thereof) in relation to any Authorised Credit Facility or Finance Document to which it (or its Secured Creditor Representative) is a party (as permitted under the CTA);

- (ii) to make determinations of and require the making of payments due and payable to it under the provisions of the Authorised Credit Facilities or Finance Documents to which it (or its Secured Creditor Representative) is a party (as permitted under the CTA);
- (iii) to exercise the rights vested in it or permitted to be exercised by it (or its Secured Creditor Representative) under and pursuant to the CTA and the STID;
- (iv) to receive notices, certificates, communications or other documents or information under the Finance Documents or otherwise;
- (v) to assign its rights or transfer any of its rights and obligations under any Authorised Credit Facility or Finance Document to which it (or its Secured Creditor Representative) is a party, subject always to the requirement of the assignee or transferee to accede to the CTA and the STID as a Secured Creditor; and
- (vi) in the case of each Hedge Counterparty, to terminate the relevant Hedging Agreement, provided such termination is a Permitted Hedge Termination.

The Security Trustee, the Note Trustee and the Hedge Counterparties also have certain Reserved Matters under the STID in relation to the matters that affect them more than other Secured Creditors.

#### ***Substitution of the Issuer***

The Note Trust Deed and the Note Purchase Agreement(s) provide for the procedure of substitution of the Issuer (or any substituted Issuer) in certain circumstances.

#### **Intercompany Loan Arrangements**

##### ***MidCo Issuer/Issuer Loan Agreement***

All Financial Indebtedness raised by the Issuer from time to time other than the raising of debt under DSR Liquidity Facilities will be backed by an aggregate nominal amount of debt owed by MidCo to the Issuer under a loan agreement (the “**MidCo Issuer/MidCo Loan Agreement**”). Each advance under a MidCo Issuer/MidCo Loan Agreement will relate to the principal amount of the relevant Series of Notes issued by the Issuer on an Issue Date.

The Issuer’s obligations to repay principal and pay interest on the Notes are intended to be met primarily from the payments of principal and interest received from MidCo under the MidCo Issuer/MidCo Loan Agreement and, where it has hedged its exposure to such payments under a MidCo Hedging Agreement, from payments received by the Issuer under such MidCo Hedging Agreement. The business of MidCo demonstrates the capacity to produce funds to service any payments due and payable under the MidCo Issuer/MidCo Loan Agreement.

All advances to be made by the Issuer under the MidCo Issuer/MidCo Loan Agreement will be in a currency and in amounts and at rates of interest, set out in the relevant Final Terms and will have interest payment dates on the same dates as the related Notes or on such dates and by such times as is required by the Issuer to enable it to make payments of interest on the related Notes. Interest on each advance made under a MidCo Issuer/MidCo Loan Agreement will accrue from the date of such advance. In addition, each advance will be repayable on the same date as the related Notes or on such date and by such time as is required by MidCo Issuer to enable it to redeem or repay the related Notes. If any amounts being used for the purposes of advances by the Issuer under the MidCo Issuer/MidCo Loan Agreement have been hedged by the Issuer in accordance with the Hedging Policy, the Issuer and MidCo will enter into a back-to-back hedging arrangement on the same terms as those set out in the relevant MidCo Hedging Agreement pursuant to which such amounts have been hedged.

##### ***Fees Generally***

The Issuer is responsible for paying certain fees, costs, and expenses of, amongst others, the Arranger, the Note Trustee, the MTN Paying Agents, the US PP Paying Agents, the Registrar, the MTN Transfer

Agents, the Note Trustee's legal advisers, the Issuer's legal advisers and the Arranger's legal advisers and certain fees due to the DSR Liquidity Facility Provider.

In respect of the period after the entry into the MidCo Issuer/MidCo Loan Agreement, MidCo by way of facility fees under the MidCo Issuer/MidCo Loan Agreement, has paid or will pay to the Issuer amounts equal to the amounts required by the Issuer to pay its ongoing fees and expenses under the Finance Documents (together with an annual amount of £6,000 to be retained by the Issuer as a profit).

## **Common Terms Agreement**

### **General**

On 21 March 2017, each of PledgeCo, MidCo, the Issuer, Cadent, the Security Trustee, the Note Trustee, the MTN Principal Paying Agent, the MTN Transfer Agent, the Registrar and others entered into a common terms agreement (the "**Common Terms Agreement**" or "**CTA**"). The CTA sets out the representations, covenants (positive, negative and financial), Trigger Events and Events of Default which will apply to each Authorised Credit Facility (including, for the avoidance of doubt, the MidCo Issuer/MidCo Loan Agreement, the MidCo Hedging Agreements and any other document entered into in connection with an Authorised Credit Facility).

It is a term of the CTA that any representation, covenant (to the extent of being able to declare an Event of Default), Trigger Event and Events of Default contained in any document which is in addition to those in the CTA and any other Common Document and any other exception expressly set out in the CTA will be unenforceable (save for limited exceptions which will, among other things, include covenants relating to the purpose of a facility, covenants relating to indemnities, covenants to pay (including related payment mechanics), covenants relating to remuneration, costs and expenses, mandatory "clean-down" provisions (other than upon or following the occurrence of any events of default, howsoever worded, in an Authorised Credit Facility), tax representations or covenants, certain additional representations or covenants under the MidCo Hedging Agreements and DSR Liquidity Facility Agreements and any additional or more frequent representations contained within the Note Trust Deed or additional covenants given to the Note Trustee on the Initial Issue Date under the Note Trust Deed in relation to its role as trustee).

The CTA also sets out the cash management arrangements which apply to the MidCo Group (see the section "*Cash Management*" below) and the Hedging Policy with which each MidCo Hedging Agreement entered into must comply with (see the section "*Hedging – Hedging Policy*" below). It is a requirement of the CTA that future providers of Authorised Credit Facilities must also accede to the CTA, STID and the Master Definitions Agreement.

A summary of the representations, covenants, Trigger Events and Events of Default to be included in the CTA is set out below.

### **Representations**

On the date of the CTA, the Closing Date and on the Initial Issue Date, each Obligor made a number of representations in respect of itself to each Finance Party. Additionally, certain representations will be repeated by the relevant Obligor on (i) the date upon which any new Authorised Credit Facility is entered into; and (ii) the date upon which any new MTN Notes (other than those issued on the Initial Issue Date) are issued under the Programme. Certain representations made by Cadent were made on the date when the Cadent acceded to the STID and CTA and on the Initial Issue Date. Certain representations will also be repeated by the relevant member of the Group on: (i) the date of each utilisation request in respect of an Authorised Credit Facility and the first day of any borrowing; (ii) each payment date in respect of an Authorised Credit Facility; and (iii) each date for making a Restricted Payment.

The representations given by each Obligor and Cadent are subject, in some cases, to agreed exceptions, customary qualifications and to qualifications as to materiality and reservations of law, and include, *inter alia*, representations as to:

- (i) *Corporate Status and Powers*: in the case of each Obligor and Cadent on behalf of itself and each other member of the GasD OpCo Group, its corporate status, power and authority and certain other legal matters;
- (ii) *Non-conflict*: in the case of each Obligor and Cadent on behalf of itself and each other member of the GasD OpCo Group, its corporate status, power non-conflict with documents binding on it, constitutional documents or laws and in the case of Cadent, the Licence;
- (iii) *No Default or Potential Trigger Event*: in the case of the Obligors, no Default or Potential Trigger Event being outstanding or resulting from the execution by it of, or the performance of any transaction contemplated by, any Finance Documents to which it is a party and, in the case of OpCo, no GasD OpCo Event of Default or GasD OpCo Potential Event of Default being outstanding or resulting from the execution by it of, or the performance of any transaction contemplated by, any Finance Documents to which it is a party;
- (iv) *Validity and Admissibility in Evidence*: in the case of each Obligor and Cadent on behalf of itself and each other member of the GasD OpCo Group, it doing all acts required to enter into and perform the Finance Documents to which it is a party and to make such documents admissible in evidence in its jurisdiction of incorporation;
- (v) *Consents and Approvals*: in the case of each Obligor and Cadent on behalf of itself and each other member of the GasD OpCo Group, it obtaining all necessary consents and approvals;
- (vi) *Financial Statements*: in the case of each Obligor and Cadent on behalf of itself and each other member of the GasD OpCo Group, no event having occurred or circumstance having arisen since the date of the last financial statements which has a Material Adverse Effect (except for any announcement of pricing determinations made by the Regulator from time to time);
- (vii) *Litigation*: in the case of each Obligor and Cadent on behalf of itself and each other member of the GasD OpCo Group, no litigation, arbitration, administrative proceedings or other proceedings being current or pending or threatened, against it or its assets which is likely to be adversely determined and, if adversely determined, would have a Material Adverse Effect;
- (viii) *Power to Borrow*: in the case of each Obligor, there being no limit on its powers which will be exceeded as a result of entering into the Finance Documents;
- (ix) *No deduction or withholding*: in the case of each Obligor, under the laws of its jurisdictions of incorporation and tax residence in force on the Closing Date, it is not required to make any deduction or withholding from certain payments of interest under the Finance Documents (as set out in the CTA);
- (x) *No Business*: in the case of each Obligor, it has not engaged in any business or incurred any liabilities before the date of the CTA, other than certain limited activities set out in the CTA required in connection with its formation and capitalisation;
- (xi) *Ownership*: in the case of each Obligor, its ownership structure and identity of its subsidiaries;
- (xii) *Status of Security*: in the case of each Obligor, its ownership of, or interests in, the assets over which it has created Security Interests under the Security Documents;
- (xiii) *Issue of Share Capital of each Obligor*: in the case of each Obligor, save as permitted and except as contemplated by the Common Documents, there being (a) no agreements in force or corporate resolutions passed which call for the present or further issue or allotment of, or grant to any person the right to call for the issue or allotment of any share (or equivalent) loan note or loan capital of it, (b) no person, firm or company which has any right to participate in its profits or to call for the issue or transfer by it of any of its share capital or loan stock and (c) no contract or arrangements, conditional or unconditional, exist whereby any person, firm or company may

acquire or exercise any such right other than pursuant to the Common Documents or except as approved in writing by the Security Trustee;

- (xiv) *Compliance with laws*: in the case of each Obligor the conduct of its business not violating any judgment, law, regulation, agreement, order or decree applicable to it which violation, if enforced would have a Material Adverse Effect;
- (xv) *No Insolvency Event*: in the case of each Obligor and OpCo on behalf of itself and each other member of the GasD OpCo Group, there being no insolvency event in relation to it;
- (xvi) *Full Disclosure*: in the case of each Obligor, the written information provided before the Closing Date being (a) in the case of factual information, materially true, complete and accurate when provided, except to the extent superseded by subsequent information so provided, and (b) in the case of non factual information, forecasts or projections is provided in good faith on reasonable grounds after careful consideration by it in the context of which they were made and genuinely reflected its views as at the relevant date and (in each case) it was not, at the time when the information was so supplied or used, aware of any material facts or circumstances that were not disclosed to the Security Trustee or relevant Finance Party which would have rendered such information materially inaccurate or misleading as at the relevant date;
- (xvii) *Choice of Law*: in the case of each Obligor and Cadent on behalf of itself and each other member of the GasD OpCo Group, subject to the Legal Reservations, in any proceedings taken in relation to the Finance Documents, the choice of English law will be recognised and enforced and any judgment obtained in the courts of England and Wales will be recognised and enforced in the jurisdiction of its incorporation;
- (xviii) *Ranking of Secured Claims*: in the case of each Obligor, subject to reservations of law, the claims of the Secured Creditors ranking prior to the claims of its other unsecured and unsubordinated creditors;
- (xix) *Negative Pledge*: in the case of each Obligor and Cadent on behalf of itself and each other member of the GasD OpCo Group, no Security Interest having been created or existing other than Permitted Security Interests;
- (xx) *Arm's length terms*: in the case of each Obligor and Cadent on behalf of itself and each other member of the GasD OpCo Group, all arrangements or contracts with any person being on an arm's length basis, other than certain limited exceptions;
- (xxi) *Information Memorandum*: in the case of each Obligor, each Information Memorandum in respect of an Authorised Credit Facility: (a) containing all information which, as at its date, is material in the context of such Authorised Credit Facility; and (b) such information being true, accurate and complete in all material respects and not being misleading, and the opinions and intentions expressed therein being honestly held and based on reasonable assumptions and there not being other facts in relation thereto the omission of which would, in the context of the relevant Authorised Credit Facility or the issue of the PP Notes, make any statement in such Information Memorandum, as at the date thereof, or the opinions or intentions expressed therein misleading in any material respect, and all reasonable enquiries having been made to verify the foregoing;
- (xxii) *Prospectus*: in the case of each Obligor, the Prospectus containing all material information and such information being, to the best of its knowledge and belief, true, accurate and complete in all material respects and not being misleading in any material respect, and the opinions and intentions expressed therein being honestly held and based on reasonable assumptions and, to the best of its knowledge and belief, there not being any other facts in relation thereto the omission of which would make any statement in the Prospectus, as at the date it was prepared or at which it is stated or given, or the opinions or intentions expressed therein untrue or misleading in any material respect, and all reasonable enquiries having been made to verify the foregoing;

- (xxiii) *Anti-bribery and Corruption*: in the case of each Obligor, no part of the proceeds of any Authorised Credit Facility being used, directly or indirectly, for any improper payments to any private counterparty, governmental official or employee, political party, official or a political party, candidate for political office, official or any public international organisation or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage. It having taken reasonable measures appropriate to the circumstances (in any event as required by applicable law) to ensure that it is and will continue to be in compliance with all applicable current and future anti-corruption laws and regulations and having instituted and maintained (and will continue to be maintained) policies, procedures and controls that are reasonably capable of providing and achieving compliance with such laws;
- (xxiv) *Financial Indebtedness*: in the case of each Obligor and Cadent on behalf of itself and each other member of the GasD OpCo Group, no member of the Group having outstanding any Financial Indebtedness other than Permitted Financial Indebtedness;
- (xxv) *Taxation*: in the case of each Obligor, Cadent and MidCo on behalf of PropCo, the due payment of all taxes save to the extent any tax payment is being contested in good faith;
- (xxvi) *Group Structure Chart*: in the case of each Obligor, assuming the Closing Date has occurred, the Group Structure Chart is true, complete and accurate in all material respects;
- (xxvii) *Intellectual Property*: in the case of Cadent, to the best of its knowledge having made due and careful enquiry in accordance with the Good Industry Practice, it having the right to use all Intellectual Property Rights necessary for the conduct of its Appointed Business;
- (xxviii) *Energy Administration*: in the case of Cadent, it being unaware any Energy Administration Order having been made in respect of Cadent;
- (xxix) *Pensions*: in the case of Cadent, Cadent being a participating employer under the Permitted Existing Pension Schemes, and all of its liabilities accrued and to accrue in the future under the Permitted Existing Pension Schemes relating solely to, and being connected with members of the GasD OpCo Group, and no such liabilities relating to, or being connected with, any other person;
- (xxx) *Environmental Compliance*: in the case of Cadent and MidCo in respect of PropCo only, obtaining of all Environmental Permits and compliance with Environmental Laws and observance in all respects all Environmental Laws and Environmental Permits necessary for the conduct of its business where in any such case any failure to obtain the relevant permit or any failure to comply would have a Material Adverse Effect;
- (xxxi) *Environmental Claims*: in the case of Cadent and MidCo in respect of PropCo only, no Environmental Claim having been commenced against OpCo or PropCo where such claim is reasonably likely to be adversely determined against it and, if so determined, would have a Material Adverse Effect;
- (xxxii) *Insurances*: in the case of OpCo and MidCo in respect of PropCo only, maintaining all necessary insurances;
- (xxxiii) *Compliance with Licence*: in the case of Cadent, compliance with the terms of its Licence where non-compliance would have a Material Adverse Effect
- (xxxiv) *Ownership of Assets*: in the case of Cadent, being the legal and beneficial owner of, or, subject to normal commercial terms, having an unfettered right of use in respect of, all assets which are material to the operation of its business; and
- (xxxv) *U.S. Representations*: in the case of the Obligors, certain matters in connection with any offering of the PP Notes to be offered to investors in or connected to the United States of America.

## **Covenants**

The CTA contains certain positive, negative and financial covenants from each of the Obligors. A summary of the covenants which are included in the CTA (subject, in some cases, to agreed exceptions, de minimis amounts and qualifications as to materiality and reservations of law) is set out in the sections “*Information Covenants*”, “*General Covenants*” and “*Financial Covenants*” below.

### *Information Covenants*

MidCo has undertaken to provide, from time to time, certain information including:

- (i) consolidated audited Financial Statements of MidCo;
- (ii) the unconsolidated audited Financial Statements of each of the Issuer and PledgeCo;
- (iii) consolidated, unaudited Financial Statements of MidCo for the first financial half-year in each Financial Year;
- (iv) consolidated, unaudited Financial Statements of Cadent for the first financial half-year in each Financial Year;
- (v) OpCo's audited Financial Statements;
- (vi) a Compliance Certificate which shall confirm that (a) the content of such Compliance Certificate is accurate in all material respects; (b) no Trigger Event, Potential Trigger Event, Event of Default or Potential Event of Default has occurred and is continuing and if a Trigger Event, Potential Trigger Event, Event of Default or Potential Event of Default has occurred and is continuing, steps (which shall be set out in full) are being taken to remedy it; and (c) no GasD OpCo Event of Default or GasD OpCo Potential Event of Default has occurred and is continuing and if a GasD OpCo Event of Default or GasD OpCo Potential Event of Default has occurred and is continuing, steps (which shall be set out in full) are being taken to remedy it and which shall be accompanied by a statement confirming the following calculations on the most recently occurring Calculation Date with respect to each Relevant Period applicable in respect of that Calculation Date (x) the Adjusted ICR; (y) the MidCo RAR; and (z) the GasD OpCo RAR;
- (vii) an Investors Report in respect of the period comprising each Financial Year;
- (viii) a copy of all information which is provided by Cadent to the Regulator and the subject matter of which has or would reasonably be expected by Cadent to result in a Material Adverse Effect;
- (ix) details of any proposed changes to the Licence or any proposed changes to the constitutional documents of a member of the Group that, if implemented, would reasonably be expected by Cadent to have a Material Adverse Effect;
- (x) details of any actual or potential investigation or proceeding commenced by any government, court, regulatory agency or authority against Cadent, if such investigation or proceeding would be reasonably likely to have a Material Adverse Effect;
- (xi) any notice (including an Enforcement Order) from any governmental authority or industry regulator (including the Regulator) received by Cadent which, in the case of any notice other than an Enforcement Order, would reasonably be expected by OpCo to have a Material Adverse Effect and which relates to the creditworthiness of Cadent or Cadent's ability to perform its duties under the Licence;
- (xii) prior to its general announcement, information in relation to any public announcement of the Regulator which has or would reasonably be expected to have a Material Adverse Effect;
- (xiii) copies of all material documents despatched by it to its creditors generally other than in the ordinary course of business at the same time as they are despatched to such creditors;
- (xiv) details of:

- (a) any litigation, arbitration, administrative proceedings, statutory notice (including any enforcement or prohibition notice), claim, or other proceeding (which alone or in aggregate could reasonably be expected to give rise to a claim against Cadent or any member of the MidCo Group exceeding the greater of (A) 1 per cent. of RAV; or (B) £150 million (indexed)) (or its Equivalent Amount) ("**Proceedings**") which are current, threatened or pending against Cadent or any member of the MidCo Group and would be reasonably likely, if adversely determined, to have a Material Adverse Effect; and
  - (b) any Proceedings which had not previously been considered would have a Material Adverse Effect if at any time the circumstances of the Proceedings change such that they would be reasonably likely to have a Material Adverse Effect, and set out the action to be taken with respect to such matters;
- (xv) details concerning any Obligor and/or any Secured Debt of such Obligor being placed on credit watch with negative implications with a view to possible downgrade below Investment Grade and, by way of inclusion in the immediately following Investors Report, details of any Obligor and/or Secured Debt of such Obligor being placed on credit watch with negative implications with a view to a possible downgrade to below Investment Grade;
  - (xvi) details of any event which could reasonably be expected to give rise to an insurance claim in excess of the greater of (i) 1 per cent. of RAV; or (ii) £150 million (indexed) (or its Equivalent Amount);
  - (xvii) details of any Emergency which would be reasonably likely to have a Material Adverse Effect;
  - (xviii) details of any non-compliance with any law or regulation which would be likely, to have a Material Adverse Effect;
  - (xix) details of any other event which would be likely, to have a Material Adverse Effect; and
  - (xx) such material information regarding the financial condition, business and operations of the Obligors and OpCo as may be requested or required to be delivered from time to time;
  - (xxi) notification of any Default or Potential Trigger Event (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence; and
  - (xxii) promptly following any reasonable request by the Security Trustee, a certificate, signed by two Authorised Signatories on its behalf, certifying that no Default or Potential Trigger Event or GasD OpCo Default is outstanding and of which it is aware, having made all reasonable enquiries or, if a Default or Potential Trigger Event or GasD OpCo Default is outstanding, specifying the Default or Potential Trigger Event or GasD OpCo Default and the steps, if any, being taken or proposed to be taken to remedy it.

### *General Covenants*

#### *Covenants of the Obligors*

The Obligors have undertaken, among other things, that:

- (i) no Obligor shall enter into any arrangement or contract with any person other than another member of the MidCo Group otherwise than on an arm's length basis other than:
  - (a) any Permitted Transaction;
  - (b) those disclosed to the Security Trustee on or before the Closing Date;
  - (c) expressly permitted under the Common Documents; and
  - (d) as a result of Permitted Emergency Action (in which case the relevant Obligor shall use reasonable endeavours to ensure that all contracts entered into will be on an arm's length basis);

- (ii) each Obligor must so far as permitted by applicable law and regulatory requirements, execute all such further documents and do all such further acts and things as the Security Trustee (acting reasonably and in consultation with OpCo and/or that Obligor and its advisers) may consider to be necessary at any time to give effect to the terms of the relevant Finance Documents;
- (iii) each Obligor shall comply with its applicable cash management obligations set out in the CTA;
- (iv) each Obligor shall do all such things as are necessary to maintain its corporate status where failure to do so would be reasonably likely to have a Material Adverse Effect;
- (v) each Obligor shall ensure that the claims of Secured Creditors against it under the Finance Documents will rank (subject to the Legal Reservations) to the extent that they are secured pursuant to a Security Document, prior to the claims of all its other unsecured and unsubordinated creditors save for those whose claims are preferred solely by law;
- (vi) no Obligor shall be entitled to make a Restricted Payment (and MidCo shall procure that no member of the Group shall make a Restricted Payment) unless the conditions set out in paragraphs (a) to (c) below (the "**Restricted Payment Conditions**") are satisfied:
  - (a) no Event of Default or Potential Event of Default is subsisting or would arise as a result of making the Restricted Payment of the amount contemplated;
  - (b) no Trigger Event is subsisting or would arise as a result of making the Restricted Payment of the amount contemplated; and
  - (c) no drawings are outstanding under a DSR Liquidity Facility Agreement (other than Standby Drawings) and no withdrawals have been made from the Debt Service Reserve Account (other than, where following such withdrawal, the Required Balance is still maintained) pursuant to the cash management obligations,

and no Obligor shall (and MidCo shall procure that no member of the Group shall) put in place any alternative arrangements, the purpose of which is to circumvent any such limitation on the payment of any Restricted Payments. Nothing in this paragraph (vi) shall restrict any step specified in the Structure Memorandum;

- (vii) no Obligor shall (and MidCo shall procure that no member of the Group shall):
  - (a) incur any Financial Indebtedness other than Permitted Financial Indebtedness; or
  - (b) incur any Group Debt (excluding, for this purpose, any Financial Indebtedness incurred under the Initial Senior Facility Agreement) unless, following the incurrence of such Group Debt, both of the Maturities Concentration Tests are satisfied. The amendment of the scheduled maturity date of any Group Debt (excluding, for this purpose, any Financial Indebtedness incurred under the Initial Senior Facility Agreement) of any member of the Group is deemed to be the incurrence of such Group Debt on the date the amendment made.

The Maturities Concentration Tests are to be applied as of the MC Test Date and on the basis that the Group Debt it is proposed to incur was in fact incurred immediately before the beginning of that day.

The Maturities Concentration Tests are satisfied if both:

- (C) the sum of the Relevant Debt Percentage and the Hedge Percentage for each Span Period is less than or equal to 30 per cent. the applicable test period for the purposes of each calculation of the Relevant Debt Percentage and of the Hedge Percentage is each relevant Span Period; and
- (D) the sum of the Relevant Debt Percentage and the Hedge Percentage for the Regulatory Test Period is less than or equal to 64 per cent. (adjusted and increased (or decreased (as

the case may be) proportionately to the extent that the period from one Periodic Review to the next Periodic Review is less than or greater than eight years). The applicable test period for the purposes of each calculation of the Relevant Debt Percentage and of the Hedge Percentage is each relevant Regulatory Test Period.

In this paragraph (vii):

**"Expected Maturity Date"** means in respect of any Group Debt, the scheduled or ordinarily expected final maturity date of such Group Debt;

**"Hedge Accretion"** means an accretion for inflation under an Index-Linked Hedging Agreement;

**"Hedge Percentage"** means the sum of the percentages each of which determined by dividing each Hedge Accretion which has a Relevant Termination Date within the applicable test period by the RAV;

**"Maturities Concentration Tests"** means tests covering both of the Span Period and the Regulatory Test Period set out above;

**"MC Test Date"** is the proposed date of the incurrence of the relevant Group Debt;

**"Regulatory Test Period"** is the period from the nearest Periodic Review Effective Date before the Expected Maturity Date of the proposed Group Debt until the next following Periodic Review Effective Date;

**"Relevant Debt"** means, as at the relevant point in time, any Group Debt (other than any Subordinated Debt) that is outstanding or, in respect of a future point in time, only to the extent projected to be outstanding in the relevant Periodic Review Period;

**"Relevant Debt Percentage"** is the aggregate of the nominal outstanding Relevant Debt of the Group having an Expected Maturity Date within the applicable test period divided by the RAV at the MC Test Date and expressed as a percentage;

**"Relevant Termination Date"** in the case of a Hedge Accretion is the date upon which the agreement giving rise to it:

- (a) may be terminated at the election of the applicable Hedge Counterparty (but if there is more than one such date within a Regulatory Test Period, only the first of them shall be included in the relevant Maturities Concentration Test);
- (b) has a scheduled termination date; or
- (c) will terminate pursuant to any mandatory termination provision specified in the relevant Hedging Agreement; and

**"Span Period"** is each period of 24 consecutive months in which the Expected Maturity Date of the proposed Group Debt falls;

(viii)

- (a) subject to paragraph (b) below and any Permitted Transaction:
  - (A) no member of the MidCo Group shall enter into any contract or arrangement with PropCo; and
  - (B) no member of the Group (other than PropCo) shall guarantee any existing or future debt incurred by PropCo.
- (b) Any member of the Group (other than PropCo) may advance loans to PropCo provided that such loans do not exceed, in aggregate, £2 million (indexed) at any time or enter into any Permitted Tax Loss Transactions with PropCo.

- (c) Any contract or arrangement between any member of the Group and PropCo shall be on arm's length terms.
- (ix)
- (a) except as provided below, no Obligor may be (and MidCo shall procure that no member of the Group is) a creditor in respect of any Financial Indebtedness.
  - (b) Paragraph (a) above does not apply to:
    - (A) any credit or indemnity provided under, or in accordance with, any Finance Document;
    - (B) any loan made under any MidCo Issuer/MidCo Loan Agreement;
    - (C) any loan provided to another member of the Group which is subordinated to the Secured Debt on terms acceptable to the Security Trustee;
    - (D) in respect of each Obligor, any loan provided to another member of the MidCo Group;
    - (E) any guarantee contained in the Finance Documents;
    - (F) any loans or other forms of Financial Indebtedness made to direct or indirect affiliates permitted as Restricted Payments;
    - (G) in respect of OpCo, any loans and credits permitted pursuant to the GasD OpCo Group Covenants under the CTA;
    - (H) a loan made to a Permitted Joint Venture so long as the aggregate amount of the Financial Indebtedness under any such loans does not exceed the greater of (A) 0.1 per cent. of RAV or (B) £15 million (indexed) (or its equivalent) at any time but excluding any such loans which are funded by cashflow available for Restricted Payments;
    - (I) a loan made to a director of any member of the Group if the amount of that loan (when aggregated with the amount of all loans to directors by each member of the Group) does not exceed the greater of (A) 0.1 per cent. of RAV or (B) £10 million (indexed) (or its equivalent);
    - (J) any loan (other than a loan to another member of the Group) so long as the aggregate amount of Financial Indebtedness under any such loans does not exceed the greater of (A) 0.1 per cent. of RAV or (B) £10 million (indexed) (or its equivalent);
    - (K) any loan made by OpCo to another member of Group for the purposes of enabling (indirectly or directly) another member of the Group to meet its payment obligations;
    - (L) any other loans or grant of credit approved or consented to by the Security Trustee in accordance with the STID; and
    - (M) any Permitted Transaction;
  - (x) no Obligor shall (and MidCo shall procure that no other member of the MidCo Group shall) compromise or settle any claim, litigation or arbitration without prior notification to the Security Trustee if any such compromise or settlement would be reasonably likely to have a Material Adverse Effect;
  - (xi) the Group shall ensure that all exchange rate, interest rate and inflation hedging arrangements required by the Hedging Policy are implemented in accordance with the terms of the Hedging Policy and that such arrangements are not terminated, waived or cancelled save as permitted by the Hedging Policy;

- (xii) no Obligor shall enter into any Treasury Transaction other than: (a) in respect of Hedging Agreements in accordance with the Hedging Policy; or (b) with any other member of the Group (other than PledgeCo);
- (xiii) no Obligor shall enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction other than a Permitted Acquisition, a Permitted Disposal, a Permitted Joint Venture or a Permitted Transaction;
- (xiv) no Obligor shall change its jurisdiction of tax residence from the United Kingdom;
- (xv) no Obligor shall participate in a scheme in respect of retirement benefit arrangements;
- (xvi) each Obligor undertakes that it will not make any Capital Expenditure or capital investment;
- (xvii) each Obligor undertakes that it shall not undertake any business which is not a Permitted Business;
- (xviii) no Obligor shall, without the consent of the Majority Creditors, sell, transfer or otherwise dispose of any of its equipment, undertaking, revenues, business or assets (in whole or in part) other than a Permitted Disposal, Permitted Joint Venture, Permitted Transaction or pursuant to the creation of a Permitted Security Interest;
- (xix) no Obligor may make any acquisition or investment, whether directly or indirectly, other than a Permitted Acquisition, an Authorised Investment or a Permitted Transaction;
- (xx) no Obligor shall:
  - (a) create or allow to exist any Security Interest on any of its present or future revenues or assets other than Permitted Security Interests; or
  - (b) create or enter into any restriction or prohibition on the creation or granting of any Security Interest on any of its assets except as permitted by the Finance Documents.
- (xxi)
  - (a) no Obligor shall:
    - (A) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so;
    - (B) issue any shares which by their terms are redeemable or convertible or exchangeable for Financial Indebtedness; or
    - (C) after the Closing Date, issue any share capital to any person,
      - other than:
        - (1) in respect of paragraphs (a) and (b) above, where any such action or transaction: (I) is only in furtherance of a Restricted Payment, where the amount of the Restricted Payment is permitted to be paid pursuant to the Finance Documents, (II) is expressly permitted under the CTA, (III) is an issue of further share capital to a then existing shareholder of such company provided that in the case of PledgeCo such shares are paid for in full in cash upon issue and which by their terms are not redeemable and where such shares are of the same class and on the same terms as those initially issued by PledgeCo and such issue does not lead to a Change of Control or a reduction in the issued share capital of such company or (IV) has received the prior written consent of the Security Trustee; and
        - (2) arising as a result of a Permitted Transaction,

(each of paragraphs (1)(I), (II), (III) and (IV) above, together with paragraph (2) above, being a "**Permitted Share Capital Transaction**"); and

- (b) MidCo shall ensure that there are no agreements in force or corporate resolutions passed which call for the present or further issue or allotment of, or grant to any person other than MidCo, the right (whether conditional or otherwise) to call for the issue or allotment of any share (or equivalent) loan note or loan capital of Cadent (including an option or right of pre-emption or conversion) in each case, save to the extent permitted by paragraph (a) above or as is otherwise expressly permitted pursuant to the CTA;

(xxii) each Obligor shall not:

- (a) carry on any business other than:
  - (A) the raising of funds to provide debt financing to the MidCo Group in accordance with the Finance Documents or any MidCo Hedging Agreement in accordance with the Hedging Policy or any business ancillary thereto; or
  - (B) as permitted under the Finance Documents;
- (b) own any assets or incur any liabilities except as required or permitted pursuant to the Finance Documents;
- (c) suspend, abandon or cease to carry on its business; or
- (d) take any steps to enforce any claims it may have against any other Obligor without the prior written consent of the Security Trustee.

*Additional covenants of MidCo*

MidCo has undertaken, among other things, that it shall:

- (i) ensure that each member of the Group will, promptly obtain, comply with and do all that is necessary to maintain in full force and effect any authorisation required under any law or regulation of a relevant jurisdiction to:
  - (a) enable it to perform its obligations under the Finance Documents to which it is a party;
  - (b) ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document to which it is respectively a party; and
  - (c) enable it to own its assets and to carry on its business, trade and ordinary activities as currently conducted where failure to obtain or comply with those authorisations is reasonably likely to have a Material Adverse Effect;
- (ii) ensure that each member of the Group will, comply in all respects with all laws to which it may be subject, if failure so to comply, has or is reasonably likely to have a Material Adverse Effect'
- (iii) procure that Cadent carries out its business in accordance with Good Industry Practice;
- (iv) ensure that, all bank accounts of the Obligors shall be opened and maintained with an Account Bank in accordance with the terms of the Account Bank Agreement and are subject to valid security under the Security Documents;
- (v) ensure that, save as otherwise agreed by the Security Trustee and save for any Permitted Acquisitions or Permitted Disposals, the corporate ownership structure of the Group remains as it was as at the Closing Date;
- (vi) for as long as there are MTN Notes outstanding, use its reasonable endeavours to procure that each of the Issuer and MidCo maintains a credit rating in respect of the MTN Notes by each of the Rating Agencies then rating the MTN Notes;

- (vii) co-operate with the Rating Agencies in connection with any reasonable request for information in respect of the maintenance of a published underlying rating or credit rating, as the case may be, and with any review of the business which may be undertaken by one or more of the Rating Agencies;
- (viii) take all reasonable steps to ensure that all Insurances which are required to be maintained or effected by Cadent under the Covenants are in full force and effect;
- (ix) procure that no member of the Group changes its Financial Year end without the prior written consent of the Security Trustee, such consent not to be unreasonably refused and not to be refused if the relevant Regulator requires the relevant Financial Year to be changed, in which case MidCo agrees to amend the financial covenant calculations in such manner as is necessary to enable such calculations to continue to be calculated from the relevant Financial Statements;
- (x) not make any change to its memorandum or articles of association or other constitutional documents which would have a Material Adverse Effect or otherwise materially prejudice the Security Interests created by the Security Documents (provided that any amendment to increase or reduce (in respect of reductions, only such reductions as set out in the Structure Memorandum) the authorised share capital of MidCo shall be deemed not to have a Material Adverse Effect or to be otherwise materially prejudicial to the Security Interests) without the prior written consent of the Security Trustee (acting reasonably at its discretion or acting at the direction of the Majority Creditors in accordance with the STID).

*Additional Covenants of the Issuer*

The Issuer has undertaken, among other things, that it shall:

- (i) use reasonable endeavours to procure the admission of all MTN Notes which are intended to be listed in its name for trading on the London Stock Exchange, or such other stock exchange of similar standing approved by the Dealers and it shall use reasonable endeavours to maintain the admission of such MTN Notes until none of the relevant listed MTN Notes is outstanding;
- (ii) observe and comply with its obligations, and use all reasonable endeavours to procure that the MidCo Agents, once appointed, observe and comply with all their obligations under the MTN Agency Agreement and, if any Registered Notes are outstanding, to procure that the Registrar, once appointed, maintains a register of holders of Registered Notes and to notify the Note Trustee immediately if it becomes aware of any material breach or failure by a MidCo Agent in relation to the MTN Notes;
- (iii) apply the proceeds of any MTN Notes issued under the Programme in advancing loans under the MidCo Issuer/MidCo Loan Agreement to MidCo; and
- (iv) ensure that for each type of MTN Note issued (whether denominated in sterling, a fixed rate bond, a floating rate bond or an indexed bond) it shall advance a corresponding loan under a MidCo Issuer/MidCo Loan Agreement to MidCo with the equivalent economic effect (less the MidCo Issuer Profit Amount) taking into account the effect of any MidCo Hedging Agreement entered into by the Issuer, as required.

*Additional Covenants of Cadent*

Cadent has undertaken, among other things, that:

- (i) it may not permit, agree to or recommend:
  - (a) any suspension of all or a material part of the operation of Appointed Business; or
  - (b) the abandonment of all or a material part of its Appointed Business,
 unless such suspension or abandonment is in accordance with the Licence.

- (ii) it shall conduct its Appointed Business in its own name only ensure that separation from the Group or any affiliate is maintained at times by holding Cadent out as a separate entity, correcting misunderstanding as to identity and using stationery, invoices and cheques separate from any other person or entity;
- (iii) if Cadent exceeds the Permitted Non-Appointed Business Limits, it shall ensure that it complies with such Permitted Non-Appointed Business Limits within six months of the date on which the Permitted Non-Appointed Business Limits are first exceeded so that the Permitted Non-Appointed Business Limits are complied with on the next Calculation Date immediately following expiry of the relevant six month period;
- (iv) it shall comply in all material respects with the Licence save to extent the Regulator has in writing waived or approved such non-compliance and a copy of such waiver or approval is provided to the Security Trustee;
- (v) save where such amendments or variations are mandatorily required imposed by law or regulation, it shall not agree to any amendments or variations of the Licence as in force as at the date of the CTA which would reasonably be expected to have a Material Adverse Effect.
- (vi) shall levy charges to customers which, together with other available amounts, are as far as possible and taking the regulatory period whole, sufficient, within the constraints of the current price control framework or other regulatory requirements, to enable OpCo to meet its operational, investment and financial obligations on a timely basis under the Licence its obligations in respect of Financial Indebtedness;
- (vii) shall supply any information due to, or requested by, the Regulator within the time period provided for supply of such information. If no time period specified, OpCo shall provide the required information as soon as reasonably practicable. This is subject to action OpCo reasonably believes is consistent with prudent management as part of negotiations with the Regulator;
- (viii) save as disclosed in writing to the Security Trustee on the Closing Date or as otherwise approved by the Security Trustee or permitted by the Licence, OpCo shall at all times maintain on its board of directors at least two non-executive directors who are not employees or directors of any affiliate (except for MidCo), subject to temporary vacancies arising out of exceptional circumstances. Each of the persons acting as non-executive director shall be entitled to act as a non-executive director of each of MidCo, OpCo, the Issuer, PropCo and FinCo;
- (ix)
  - (a) except as otherwise permitted under the CTA, Cadent will not and MidCo shall ensure that PropCo will not:
    - (A) acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them); or
    - (B) incorporate a company.
  - (b) Paragraph (a) above does not apply to an acquisition of a company, of shares, securities or a business or undertaking (or, in each case, any interest in any of them) or the incorporation of a company which is a Permitted Acquisition or a Permitted Transaction;
- (x)
  - (a) except as otherwise permitted under the CTA, Cadent will not and MidCo shall ensure that PropCo shall not (and Cadent shall ensure that its Subsidiaries do not):
    - (A) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or

- (B) transfer any assets or lend to or guarantee or give an indemnity for or give Security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing).
- (b) Paragraph (a) above does not apply to any Permitted Joint Venture;
- (xi) neither Cadent nor any of its Subsidiaries shall (and MidCo shall ensure that PropCo shall not) make any change to its memorandum or articles of association or other constitutional documents which would have a Material Adverse Effect or otherwise materially prejudice the Security Interests created by the Security Documents (provided that any amendment to increase the authorised share capital of a member of the GasD OpCo Group shall be deemed not to have a Material Adverse Effect or to be otherwise materially prejudicial to the Security Interests) without the prior written consent of the Security Trustee (acting reasonably at its discretion or acting at the direction of the Majority Creditors in accordance with the STID);
- (xii) none of Cadent or any of its Subsidiaries shall compromise or settle any claim, litigation or arbitration without prior notification to the Security Trustee if any such compromise or settlement would be reasonably likely to have a Material Adverse Effect;
- (xiii) it shall not sell, lease, license, transfer or otherwise dispose of any of its equipment, undertaking, revenues, business or any assets (in whole or in part) other than Permitted Disposals, Permitted Transactions or Permitted Security Interests without the prior written consent of the Security Trustee (acting reasonably at its sole discretion or at the direction of the Majority Creditors, in accordance with the STID);
- (xiv) Other than:
- (a) in the case of Cadent as a result of Permitted Emergency Action (in which case OpCo shall use reasonable endeavours so far as practicable in the circumstances to ensure that all contracts entered into will be on an arm's length basis);
- (b) in respect of certain contracts expressly provided for in the Common Documents; and
- (c) in respect of PropCo, the APP Loan,
- no member of the GasD OpCo Group shall enter into any arrangement or contract with any person otherwise than on an arm's length basis save as has been disclosed prior to the Closing Date or unless expressly permitted under the Common Documents;
- (xv) it shall maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary or desirable in the conduct of its business where failure to do so is reasonably likely to have a Material Adverse Effect;
- (xvi) it shall not change its jurisdiction of tax residence from the United Kingdom;
- (xvii) neither OpCo nor FinCo shall not (and MidCo shall ensure that PropCo shall not) enter into any Treasury Transaction other than: (a) those that are prudently reflective of regulatory requirements from time to time; (b) in respect of Hedging Agreements, in accordance with the Hedging Policy; (c) with any other member of the Group (other than PledgeCo); or (d) in accordance with Good Industry Practice to manage risks inherent in its business for non-speculative purposes or otherwise;
- (xviii) it shall not make any Capital Expenditure or capital investment other than a Permitted Investment;
- (xix) it shall not enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction other than a Permitted Acquisition, a Permitted Disposal, Permitted Joint Venture or a Permitted Transaction;
- (xx) no member of the GasD OpCo Group shall create or allow to exist any Security Interest on any of its present or future revenues or assets other than Permitted Security Interests;

(xxi)

(a) except as provided below, Cadent may (and MidCo shall ensure that PropCo shall) not be a creditor in respect of any Financial Indebtedness.

(b) Paragraph (a) above does not apply to:

- (A) trade credit extended by OpCo to any customers, tenants or licensees, on normal commercial terms and in the ordinary course of trade;
- (B) any credit or indemnity provided under, or in accordance with, any Finance Document;
- (C) any loan provided to another member of the Group which is subordinated to the Secured Debt on terms acceptable to the Security Trustee;
- (D) any guarantee contained in the Finance Documents;
- (E) any loans or other forms of Financial Indebtedness made to direct or indirect affiliates permitted as Restricted Payments;
- (F) any guarantees of trade liabilities on normal commercial terms granted in the ordinary course of trade provided that no Default or Potential Trigger Event is continuing at the time any such credit or loan or guarantee is proposed to be made;
- (G) a loan made to a Permitted Joint Venture so long as the aggregate amount of the Financial Indebtedness under any such loans does not exceed the greater of (A) 0.1 per cent. of RAV or (B) £10 million (indexed) (or its equivalent) at any time but excluding any such loans which are funded by cashflow available for Restricted Payments;
- (H) a loan made to a director of any member of the Group if the amount of that loan (when aggregated with the amount of all loans to directors by OpCo) does not exceed the greater of (A) 0.1 per cent. of RAV or (B) £10 million (indexed) (or its equivalent); or
- (I) any loan made under a usual employee benefit scheme;
- (J) any loan (other than a loan to another member of the Group) so long as the aggregate amount of Financial Indebtedness under any such loans does not exceed the greater of (A) 0.1 per cent. of RAV or (B) £10 million (indexed) (or its equivalent);
- (K) any loan made by OpCo to another member of the Group for the purposes of enabling (indirectly or directly) another member of the Group to meet its payment obligations;
- (L) any other loans or grant of credit approved or consented to by the Security Trustee in accordance with the STID;
- (M) the APP Loan; and
- (N) any Permitted Transaction;

(xxii) it shall not undertake any business which is not a Permitted Business;

(xxiii) except with the consent of the Security Trustee Cadent and MidCo shall ensure that PropCo shall not participate in a scheme in respect of retirement benefit arrangements with companies other than the other members of the GasD OpCo Group, provided that Cadent and PropCo may:

- (a) participate in the Permitted Existing Pension Schemes; and

- (b) enter into arrangements for the provision of a pension scheme as a successor to a Permitted Existing Pension Scheme with a Third Party Scheme Provider without the consent of the Security Trustee;
- (xxiv) it shall ensure that all pension schemes operated by or maintained by any member of the GasD OpCo Group or any Third Party Scheme Provider for the benefit of members of the GasD OpCo Group and/or any of its employees or any member of a Permitted Existing Pension Scheme are:
- (a) funded to the extent required by law and the terms of such schemes based on reasonable actuarial assumptions; and
  - (b) operated or maintained as required by law and the terms of such schemes.
- (xxv) it (and MidCo shall ensure that PropCo) shall effect and maintain or procure that the following are effected and maintained in full force and effect at its own expense at all times on or after the Closing Date, insurances in respect of:
- (a) all risks which are required to be insured against under any applicable law or regulation; and
  - (b) any additional risks which a prudent owner would insure against and to the extent of its insurable interest as a prudent owner would insure against (taking into account the then current level of GasD OpCo Net Debt) provided appropriate insurance is available on reasonable commercial terms,
- (together, the "**Insurances**").
- (xxvi) it (and MidCo shall ensure that PropCo) shall ensure that the Insurances are with one or more reputable insurance companies or underwriters and that the Insurances provide cover up to a limit which a prudent owner would buy;
- (xxvii) in relation to:
- (a) the procurement process for and the terms of any Outsourcing Agreements; and
  - (b) decisions in relation to whether or not to outsource functions,
- OpCo will act in accordance with:
- (A) Good Industry Practices; and
  - (B) all applicable laws and regulations (including Public Procurement Rules, to the extent applicable to the relevant Outsourcing Agreement);
- (xxviii) where an Emergency has occurred and is continuing, OpCo shall use its reasonable endeavours to rectify such Emergency as soon as is reasonably practicable. For the avoidance of doubt, any Permitted Emergency Action shall not constitute a breach of the requirements of this paragraph (xxviii).
- (xxix) it shall (subject to its financial, regulatory and operational commitments, including any commitments made in connection with any Permitted Existing Pension Schemes, the provisions of the GasD OpCo Conditions, the provisions of the Finance Documents, the fiduciary obligations of its directors and its obligations under its Licence), prior to each Determination Date, take all such action as may be within its capacity and powers (x) to declare and pay distributions and dividends out of post-tax profits and any distributable reserves, (y) to pay any amounts due to MidCo pursuant to any loan existing between MidCo and OpCo, and (z) to pay any other amounts owed by it, in each case to MidCo, such payments to be made to the extent required to ensure, taking into account any other funds available to MidCo (other than funds standing to the credit of the Debt Service Reserve Account and funds available pursuant to any DSR Liquidity Facility), that

MidCo is able to meet its payment obligations under the Payment Priorities in accordance with the CTA, and provided that in the case of (x) above, the payment is made after:

- (a) if required pursuant to the Licence, Cadent has provided to the Regulator a certificate in relation to the payment in accordance with Standard Special Condition A37 (*Availability of Resources*) of the Licence, or any relevant successor provision from time to time; and
- (b) a duly constituted board meeting has been held approving the declaration of such dividend.

### **Financial Covenants**

MidCo has undertaken, among other things:

- (i) that it shall deliver, with each Compliance Certificate and each Investors Report, a statement confirming that it has calculated each of the ratios listed below as at the Calculation Date immediately prior to the date of delivery of that Compliance Certificate or Investors Report, specifying the results of such calculations and providing a copy of the computations made in respect of the calculation of such ratios;
- (ii) subject to paragraph (iii) below, the ratios shall be calculated (in the case of historical ratios) using the audited consolidated financial statements (or unaudited financial statements if audited financial statements are not available on such date) and unaudited half-yearly financial statements delivered together with the relevant Compliance Certificate or Investors Report, and (in the case of forward looking ratios) using the GasD OpCo Business Plan which shall be prepared on a consistent basis and the material assumptions to which shall be updated by reference to the most recently available relevant information and the most recently delivered financial statements;
- (iii) in respect of the Calculation Dates on 31 March 2017 and 30 September 2017, the historical ratios were calculated using the audited consolidated financial statements (or unaudited financial statements if audited financial statements are not available on such date) and unaudited half-yearly financial statements delivered together with the relevant Compliance Certificate or Investors Report subject to the annualisation of the numbers in such financial statements to take account of any short period in such financial statements with respect to the definitions of "Net Cash Flow", "Regulatory Depreciation" and "Net Interest Service";
- (iv) MidCo shall calculate (or procure the calculation of) in respect of each Calculation Date:
  - (a) the Adjusted ICR for each applicable Relevant Period;
  - (b) the MidCo RAR for each applicable Test Date; and
  - (c) the GasD OpCo RAR for each applicable Test Date.

### **Trigger Events**

The CTA sets out certain Trigger Events which will include (subject to agreed exceptions, materiality qualifications, grace periods and remedies and as more particularly provided in the CTA) the occurrence of any of the following events:

- (i) on any Calculation Date if any of the following ratios breach the relevant level specified below (each a "**Trigger Event Ratio Level**"):
  - (a) the Adjusted ICR for any Relevant Period is or is estimated to be less than 1.1:1;
  - (b) the MidCo RAR as at any Test Date is or is estimated to be more than 0.855:1;
  - (c) the GasD OpCo RAR as at any Test Date is or is estimated to be more than 0.65:1;
- (ii) if, as at any Calculation Date, the aggregate of:

- (a) the GasD OpCo Group's operating cash flows (including monies standing to the credit of the Operating Accounts) available or forecast to be available to meet Capital Expenditure, Replacement Expenditure and working capital requirements for the next 12 months;
- (b) any Authorised Credit Facilities (other than any DSR Liquidity Facilities) that are: (i) available for drawing by MidCo within the next 12-month period; and (ii) available to be on-lent to Cadent under a MidCo/GasD OpCo Loan Agreement; and
- (c) Cadent's credit facilities available to be drawn in the next 12-month period,

is less than the aggregate of:

- (A) the GasD OpCo Group's forecast Capital Expenditure projected for the next 12-month period;
  - (B) Cadent's forecast Replacement Expenditure projected for the next 12-month period;
  - (C) Cadent's forecast working capital requirements projected for the next 12-month period; and
  - (D) the amount that any member of the Group estimates, in its reasonable opinion, is equal to the net amount payable by any member of the Group to a Hedge Counterparty following the exercise of an option to terminate a Hedging Transaction as permitted by the Hedging Policy;
- (iii) if, at any time, the aggregate of all commitments available for drawing under the DSR Liquidity Facility and all amounts standing to the credit of the Debt Service Reserve Account (including the value of any Authorised Investments funded from amounts standing to the credit of the Debt Service Reserve Account) is less than the Required Balance (although it will not be a Trigger Event if this paragraph (iii) is triggered as a direct result of a banking error and remedied by such amount being repaid within three Business Days without such repayment being funded by a further drawing under a DSR Liquidity Facility);
  - (iv) the receipt of written notice by Cadent from the Regulator that its Licence will be terminated;
  - (v) without prejudice to the other remedies in respect thereof and subject to the expiry of any applicable grace or remedy period, the occurrence of an Event of Default or a GasD OpCo Event of Default which is continuing;
  - (vi) the Auditors formally qualify their report (rather than include it in matters of emphasis or other equivalent statements) on any audited Statutory Accounts of any member of the Group in a material manner due to which the financial ratios calculated in accordance with the CTA may not reflect the true position of that member of the Group in a materially adverse manner;
  - (vii) the commencement of the final reading in the House of Lords or the House of Commons (whichever occurs later) of adverse draft governmental legislation or similar instrument relating to or impacting upon gas transporters (as that term is defined in the Gas Act 1986 (the "GA")) if such legislation would (if enacted) have a Material Adverse Effect;
  - (viii) if within six months of an announcement setting out clear proposals (including a related timetable to effect such proposals) by the Regulator for the modifications or replacement of the Licence which, if implemented, would have a Material Adverse Effect, OpCo has not obtained confirmation from the Regulator that the proposed modification or replacement is not expected to be implemented or is expected to be implemented in a form which is not reasonably expected to have a Material Adverse Effect;
  - (ix) a final determination of the Licence Income Limits set for OpCo by the Regulator (and where such determination is reviewed by the Competition Authority, the Licence Income Limits set for OpCo following such review) which is reasonably likely to result in a breach of the financial ratios set out in paragraph (i) above or would otherwise be reasonably likely to have a Material Adverse Effect;

- (x) the solicited long term credit rating of the Rated Debt by all of the Rating Agencies then rating the Rated Debt or the issuer credit rating of all the Rating Agencies then rating the Issuer (a) is ascribed at or falls to BB+ (S&P), Ba1 (Moody's) or BB+ (Fitch) (or equivalent rating with any other Rating Agency) or below; or (b) is withdrawn at the request of any Obligor;
- (xi) the Permitted Non-Appointed Business Limits are breached;
- (xii) an Enforcement Order is issued under Section 28 of the GA against OpCo which would have a Material Adverse Effect if not complied with and OpCo is not in the process of taking reasonable steps to comply with such Enforcement Order; and
- (xiii) any indication arising from notices and/or correspondence issued by, or during correspondence with, the Regulator or any other circumstance of which OpCo is aware that would reasonably be expected to lead to an application by the Regulator or the Secretary of State for an Energy Administration Order to be made in respect of OpCo,

(the “**Trigger Events**”).

**Trigger Event Consequences**

Following the occurrence of a Trigger Event and at any time until such Trigger Event has been waived by the Security Trustee, remedied in accordance with the CTA or otherwise remedied to the satisfaction of the Security Trustee, certain consequences will apply, including:

- (i) no Obligor may make Restricted Payments;
- (ii) no Obligor may purchase or otherwise acquire any Financial Indebtedness of the Group;
- (iii) if the Trigger Event is continuing for at least two consecutive Calculation Dates:
  - (a) MidCo, on behalf of the relevant member of the Group, must provide such information as to the relevant Trigger Event as may be reasonably requested by the Security Trustee; and
  - (b) as soon as reasonably practicable, MidCo must discuss with the Security Trustee (at a mutually convenient time and location) its plans for remedial action and the timetable for implementation of such action. MidCo and the Security Trustee shall negotiate in good faith to agree a Remedial Plan (with the agreement of the Security Trustee not to be unreasonably withheld or delayed) and any Remedial Plan must then be implemented by MidCo or any other relevant member of the Group;
- (iv) if the Trigger Event is continuing for at least three consecutive Calculation Dates:
  - (a) the Security Trustee may (acting on the instructions of the Majority Creditors) commission an Independent Review to be undertaken on a timetable stipulated by the Security Trustee. The Independent Review will be conducted by technical advisers to the Security Trustee appointed from time to time or such other person as the Security Trustee may decide, in each case, subject to prior consultation with MidCo;
  - (b) the Independent Review will examine the causes of the Trigger Event and recommend appropriate corrective measures (such corrective measures, once carried out, constituting the relevant Trigger Event Remedies set out in the CTA); and
  - (c) MidCo must (so far as permitted by any applicable law and regulation, any binding confidentiality obligations entered into in good faith for bona fide Trigger Event Remedies commercial reasons and the retention of legal privilege) co-operate with the person appointed to prepare the Independent Review including providing access to the Group's books and records and personnel and facilities as may be reasonably required for those purposes; and
- (v) if the Trigger Event is continuing for at least four consecutive Calculation Dates, subject to prior notice to MidCo, if practicable, the Security Trustee shall be entitled to participate in a strictly

observer capacity in any meeting convened by OpCo at the request of the Security Trustee for the purpose of discussing the relevant Trigger Event and any Remedial Plan with the Regulator if such Trigger Event relates to OpCo provided that representatives of OpCo are present at such discussions,

(the “**Trigger Event Consequences**”).

In respect of any of the Trigger Event Consequences described above which requires the Security Trustee to exercise its discretion, it must do so upon instructions of the Majority Creditors and any reference to reasonableness and reasonable time will be interpreted accordingly. The Security Trustee is entitled to assume that no Trigger Event has occurred unless informed in writing otherwise.

### ***Trigger Event Remedies***

At any time when MidCo believes that a Trigger Event has been remedied in accordance with the detailed provisions of the CTA, it must serve notice on the Security Trustee to that effect, and the Security Trustee must respond within 10 Business Days (or such longer period as it may reasonably agree with MidCo) confirming that (i) the relevant Trigger Event has, in its reasonable opinion, been remedied or setting out its reasons for believing that such Trigger Event has not been remedied (in which case, such event will continue to be a Trigger Event until such time as the Security Trustee is reasonably satisfied that the Trigger Event has been remedied) or (ii) it cannot determine whether the Trigger Event has been remedied.

To the extent that MidCo does not receive a response from the Security Trustee within 10 Business Days, the relevant Trigger Event shall be deemed to be remedied. If the Security Trustee cannot determine whether a Trigger Event has been remedied, it shall take such appropriate advice (at the expense of MidCo) as is required in order for it to reach a determination.

### ***Events of Default***

The CTA contains a number of events of default (the “**Events of Default**”) which are Events of Default under each Finance Document (other than the Hedging Agreements and the DSR Liquidity Facility Agreement). Subject, in some cases and where not otherwise stated below, to agreed exceptions, materiality thresholds and qualifications, the Legal Reservations, grace periods and remedies, Events of Default include:

- (i) non-payment by any Obligor of amounts payable under the Finance Documents;
- (ii) non-compliance by an Obligor, OpCo or PropCo with certain other obligations under the Finance Documents;
- (iii) material misrepresentation;
- (iv) an insolvency event or insolvency proceedings as set out further in the CTA occur(s) in relation to any member of the group;
- (v) insufficient liquidity to meet OpCo’s forecast Capital Expenditure, Replacement Expenditure and working capital requirements for the next six month period;
- (vi) any attachment, sequestration, distress, execution or analogous event involving sums in excess of the greater of (a) 0.1 per cent. of RAV or (b) £15 million (indexed) (or its Equivalent Amount) that affects any asset(s) of any member of the Group and is not discharged within 45 days;
- (vii) (a) it becoming unlawful for any member of the Group to perform material obligations under any Finance Document; (b) subject to the Legal Reservations, any of its material obligations under the Finance Documents ceasing to be valid, binding or enforceable; (c) except as regards any indemnity relating to stamp duty which is rendered void under Section 117 of the Stamp Act 1891, any Finance Document or any material obligation purported to be contained in a Finance Document is not effective or is alleged by a member of the Group to be ineffective for any reason or (d) any member of the Group repudiating a Finance Document.;

- (viii) following the expiry of the Remedy Period, the security granted by the MidCo Group ceasing to be in full force and effect where this would have a Material Adverse Effect;
- (ix) certain governmental action (resulting in seizure, expropriation, nationalisation or acquisition) which would be reasonably likely to have a Material Adverse Effect;
- (x) failure by any member of the MidCo Group to comply with or pay any sum due from it or them under any judgment or order made or given by a competent court when such sum exceeds the greater of (i) 0.1 per cent. of RAV; or £15 million (indexed) (or its Equivalent Amount) except where such judgment is being appealed in good faith in a higher court;
- (xi) a GasD OpCo Event of Default occurs in respect of Financial Indebtedness of more than £50 million in principal amount and which is not remedied within: (a) five Business Days in the case of a non-payment or breach of a financial covenant under the GasD OpCo Programme; or (b) 30 Business Days in any other case, in each case from the date that the GasD OpCo Event of Default first occurs.
- (xii) OpCo ceasing or threatening to cease to carry on the Appointed Business (or any substantial part of the Appointed Business);
- (xiii) litigation being started against any member of the Group or, in each case, its assets or revenues which, in any case, would be reasonably likely to be adversely determined and, if so adversely determined, would have a Material Adverse Effect;
- (xiv) Adjusted ICR for any Relevant Period is less than 1.0:1.0;
- (xv) MidCo RAR as at any Test Date is greater than 0.92:1.00;
- (xvi) a Change of Control occurs;
- (xvii) except in circumstances in which the Licence is replaced immediately by a further licence or a licence granted to OpCo on equivalent terms which permit OpCo to carry on its business substantially as carried on at the date of the CTA (taking into account any changes in the regulatory environment at the Closing Date), the termination of the Licence; and
- (xviii) A TDC Breach occurs and is continuing.

### ***Equity Cure Right***

If a Compliance Certificate delivered to the Security Trustee for any period shows that there is a breach in respect of a Financial Ratio Event of Default, the Investors may provide or procure the provision of Additional Equity in an amount at least sufficient for the amount necessary to cure the relevant breach (the "**Equity Cure Amount**") by applying that Equity Cure Amount in:

- (i) prepayment or purchase of Secured Debt; or
- (ii) making a deposit to a Defeasance Account in respect of such Secured Debt (to the extent not purchased or prepaid pursuant to paragraph (i) above); and
- (iii) payment of any related repayment costs, including, without limitation, paying the related amount payable to Hedge Counterparties arising as a result of termination (in whole or in part) of any Hedging Transactions following the prepayment or purchase of the Secured Debt, to the extent that such termination is necessary in order to remain in compliance with the Hedging Policy following such prepayment or purchase,

(an "**Equity Cure Right**").

Any amount to be applied in prepayment or purchase of Secured Debt or in making a deposit to a Defeasance Account in respect of Secured Debt shall be so applied in accordance with the Pro Rata Prepayment Mechanic.

The exercise of the Equity Cure Right shall be limited to no more than three times in any five year period and cannot be exercised in respect of more than two consecutive Calculation Dates.

Any Equity Cure Amount must be provided on or prior to the date falling 20 Business Days after the delivery of the relevant Compliance Certificate.

On application of the Equity Cure Amount in accordance with paragraph (i) or (ii) above, the applicable financial ratio specified in the financial covenants will be re-calculated on a pro forma basis for the application of the Equity Cure Amount in prepayment, purchase, defeasance and/or redemption described above through a reduction of MidCo Net Debt.

If after the applicable financial ratio specified in the financial covenants is re-calculated, the breach has been prevented or cured, that financial ratio shall be deemed to have been satisfied on the date of the relevant Compliance Certificate as though no breach had ever occurred and any related Financial Ratio Event of Default or Trigger Event Ratio Level shall be deemed not to occur or have occurred, as applicable.

For these purposes, "**Additional Equity**" means:

- (i) any amount subscribed in cash for shares in PledgeCo by HoldCo and then by PledgeCo in MidCo and paid to MidCo, or any other form of capital contribution in cash by HoldCo to PledgeCo and by PledgeCo to MidCo (which is not Financial Indebtedness and provided that repayment (if any) of such amounts are subject to the terms of the STID); or
- (ii) the incurrence of Subordinated Liabilities by PledgeCo provided that the proceeds of such Subordinated Liabilities are in turn paid to MidCo,

which in each case is in addition to such amounts subscribed, committed or incurred on or before the Closing Date and the terms of which shall be subject to the terms of the STID.

Immediately upon the declaration of an Event of Default, a Standstill Period will commence in accordance with the STID (see the section "*Security Trust and Intercreditor Deed – Standstill*" above).

### **Cash Management**

#### *Accounts*

The CTA provides that each Obligor may only open and maintain bank accounts with an Account Bank and that each Obligor shall ensure that all Accounts are the subject of the Security. MidCo is also required to open and maintain a Debt Service Reserve Account with an Account Bank in accordance with the terms of the Account Bank Agreement.

Under the Account Bank Agreement, MidCo has opened the following Accounts with the Account Bank:

- (i) the Transaction Account
- (ii) the Defeasance Account;
- (iii) the Debt Service Reserve Account; and
- (iv) the Distribution Account.

Under the Account Bank Agreement, the Issuer has opened the following Accounts with the Account Bank:

- (i) the Issuer Transaction Account; and
- (ii) the Issuer Defeasance Account.

Under the Account Bank Agreement, PledgeCo has opened the PledgeCo Current Account with the Account Bank.

Each of the above accounts together with any other bank account of any Obligor are collectively referred to as the “**Accounts**”. Each of the Accounts will be held with the Account Bank pursuant to the Account Bank Agreement.

The “**Payment Priorities**” are as follows:

(i) *first*, in or towards satisfaction of the remuneration, costs and expenses of and any other amounts due and payable to the Security Trustee, any Security Trustee Appointee, the Note Trustee and any Note Trustee Appointee under any Finance Document;

(ii) *second*, in or towards satisfaction of:

(a) the remuneration, costs and expenses of:

(A) each MidCo Agent under the MTN Agency Agreement or the Calculation Agency Agreement;

(B) each Account Bank under the Account Bank Agreements;

(C) each DSR Liquidity Facility Provider under the relevant DSR Liquidity Facility Agreement (but excluding amounts payable to each DSR Liquidity Facility Provider pursuant to paragraph (iii) below);

(D) each Authorised Credit Facility Agent and the Standstill Cash Manager;

(E) each Secured Creditor Representative; and

(b) any administration or similar costs, fees or expenses in respect of maintaining (A) the corporate existence of each of the Obligors (including compliance with any filing or similar obligations required by law) (B) the listing of the MTN Notes (C) the rating of the MTN Notes (D) any payments due and payable by an Obligor pursuant to: (1) any costs or expenses indemnity contained in the Finance Documents that are expressed to be in favour of the Finance Parties; and/or (2) contingent fees that may become due and payable to the Finance Parties in accordance with the Finance Documents; and/or (3) any tax for which an Obligor may be liable; and (E) any auditors fees due and payable by any Obligor,

on a *pro rata* basis between each of the claims in paragraphs (a)(A)-(E) (inclusive) and (b) (A)-(E) (inclusive) above;

(iii) *third*, in or towards satisfaction of all amounts of fees, interest and principal (other than any Subordinated Liquidity Facility Amounts) due or overdue to each DSR Liquidity Facility Provider under the relevant DSR Liquidity Facility Agreement;

(iv) *fourth*, in or towards satisfaction of:

(a) all amounts of interest, recurring fees and commitment commissions due or overdue in respect of the Secured Debt and the MidCo Issuer/MidCo Loan Agreement;

(b) all scheduled amounts due and payable to each MidCo Hedge Counterparty under any Interest Rate Hedging Agreement (other than amounts falling in paragraph (h) below);

(c) all scheduled amounts (other than principal exchange amounts or other amounts in respect of principal) due and payable to each MidCo Hedge Counterparty under any Currency Hedging Agreement in respect of Secured Debt;

(d) all amounts of underwriting commissions due or overdue in respect of Secured Debt; and

(e) to the extent not already paid in full in respect of any Financial Year, the MidCo Issuer Profit Amount pursuant to the MidCo Issuer/MidCo Loan Agreement,

on a *pro rata* basis between each of paragraphs (a) to (e) (inclusive) above;

- (v) *fifth*, in or towards satisfaction of:
  - (a) all amounts of principal due or overdue in respect of Secured Debt and the MidCo Issuer/MidCo Loan Agreement;
  - (b) any unscheduled amounts (including termination amounts) due and payable to each MidCo Hedge Counterparty under any Interest Rate Hedging Agreement except to the extent required to be paid at paragraph (vii) below);
  - (c) all principal exchange amounts due and payable to each MidCo Hedge Counterparty under any Currency Hedging Agreement in respect of Secured Debt;
  - (d) any termination amounts or other unscheduled sums due and payable to each MidCo Hedge Counterparty under any Currency Hedging Agreement in respect of Secured Debt (except to the extent required to be paid at paragraph (viii) below),
 on a *pro rata* basis between each of paragraphs (a) to (d) (inclusive) above;
- (vi) *sixth*, in or towards satisfaction of any Make-Whole Amount due and payable on the Secured Debt;
- (vii) *seventh*, in payment to the Debt Service Reserve Account until the aggregate of the amounts available for drawing under the DSR Liquidity Facility and any amount standing to the credit of the Debt Service Reserve Account (including the value of any Authorised Investments funded from such amounts) is at least equal to the Required Balance on each Payment Date;
- (viii) *eighth*, in or towards satisfaction of any termination payment due or overdue to an MidCo Hedge Counterparty under any MidCo Hedging Agreement which arises as a result of an Event of Default (as defined in the relevant MidCo Hedging Agreement) by such MidCo Hedge Counterparty, other than any amount attributable to any premium or other upfront payment paid to MidCo or the Issuer to enter into a transaction to replace a MidCo Hedging Agreement (in whole or in part) which shall be applied first in payment of amounts due to the replacement MidCo Hedge Counterparty as applicable;
- (ix) *ninth*, in or towards satisfaction of:
  - (a) all due or overdue Subordinated Liquidity Facility Amounts under any DSR Liquidity Facility Agreements; and
  - (b) any amounts due and payable or overdue in respect of Secured Debt not referred to in other paragraphs of the Payment Priorities,
 on a *pro rata* basis between paragraphs (a) and (b) above;
- (x) tenth, any surplus shall be available to each Obligor entitled thereto to deal with as it sees fit (which shall include, (a) subject to satisfaction of the Restricted Payment Conditions, towards making a Restricted Payment; and (b) crediting any surplus to a Distribution Account).

*Disapplication of Payment Priorities*

Any funds (a) attributable to any premium or other upfront payment paid to MidCo or the Issuer (to the extent required to be paid in accordance with the terms of the relevant MidCo Hedging Agreement) to enter into a transaction to replace a MidCo Hedging Agreement (in whole or in part); and/or (b) of collateral received by MidCo or the Issuer pursuant to any MidCo Hedging Agreement, shall not be paid in accordance with the Payment Priorities and shall be applied, in respect of (a), in payment of amounts due to the replacement MidCo Hedge Counterparty, and in respect of (b), in accordance with the relevant MidCo Hedging Agreement.

#### *Debt Service Reserve Account*

The Cash Manager is required to transfer to the Debt Service Reserve Account the following amounts:

- (i) amounts standing to the credit of any other Account as required to maintain the Required Balance (in accordance with the Payment Priorities); and
- (ii) any Standby Drawing.

The Cash Manager may only withdraw amounts standing to the credit of the Debt Service Reserve Account:

- (i) to the extent that, on any Payment Date, there are insufficient available funds to meet all amounts due to be paid under paragraphs (i) to (iv) inclusive of the Payment Priorities;
- (ii) to the extent that they are being used to repay a Standby Drawing to a DSR Liquidity Facility Provider;
- (iii) if prior to such withdrawal, MidCo delivers a certificate to the Security Trustee and the relevant Account Bank (copied to the Cash Manager) certifying that following the making of such withdrawal the aggregate of the amounts (i) standing to the credit of the Debt Service Reserve Account and (ii) (unless the Cash Manager has received notice that MidCo is not able to satisfy the conditions precedent to drawing under such DSR Liquidity Facilities at such time) available for drawing under the DSR Liquidity Facilities is at least equal to the Required Balance on the date of such withdrawal; or
- (iv) to invest in Authorised Investments as permitted under the Finance Documents.

#### *DSR Liquidity Facility*

Allowing sufficient time to deliver any DSR LF Notice of Drawing and each DSR Liquidity Facility Agreement, the Cash Manager shall determine the amount of any anticipated DSR Liquidity Shortfall on the Determination Date after taking into account the balance standing to the credit of the Transaction Account and Debt Service Reserve Account (save to the extent funded by a Standby Drawing) which will be available to the Obligors on the next Payment Date.

If, after application of the balance standing to the credit of the Transaction Account and the Debt Service Reserve Account (if any) (save to the extent funded by a Standby Drawing), there will be a positive DSR Liquidity Shortfall, not later than 3.00 p.m. on the date falling two Business Days after the Determination Date, the relevant Obligor (or the Cash Manager on its behalf) shall deliver a DSR LF Notice of Drawing to the relevant DSR Liquidity Facility Agent in accordance with each DSR Liquidity Facility Agreement in respect of such DSR Liquidity Shortfall.

At the time any DSR LF Notice of Drawing is delivered by the relevant Obligor (or the Cash Manager on its behalf) to the relevant DSR Liquidity Facility Agent in respect of a Payment Date, that Obligor shall notify the Security Trustee of the amount of any applicable DSR Liquidity Shortfall in respect of such Payment Date.

On making the DSR Liquidity Loan Drawing, such amount shall immediately be credited to the Transaction Account and applied towards payment of the relevant items listed in paragraphs (i) to (v) of the Payment Priorities (excluding any termination payments, principal exchange amounts or other pay-as-you-go payments and all other unscheduled amounts payable to any Hedge Counterparty).

During a Standstill, the Standstill Cash Manager shall exercise those rights and perform those obligations of the Cash Manager under each DSR Liquidity Facility Agreement.

#### *Authorised Investments*

The Cash Manager is permitted, in accordance with the CTA, to invest in certain Authorised Investments from amounts standing to the credit of any of the Accounts.

Such Authorised Investments include:

- (i) securities issued by the government of the United Kingdom;
- (ii) demand or time deposits, certificates of deposit and short-term unsecured debt obligations, including commercial paper, or other investments with similar liquidity and effective credit quality characteristics to time deposits, provided that the issuing entity or, if such investment is guaranteed, the guaranteeing entity, is rated the Minimum Short-term Rating or (if the relevant Authorised Investments have an original maturity in excess of one year) the Minimum Long-term Rating from at least one of Fitch, Moody's or S&P;
- (iii) any other obligations provided that in each case the relevant investment has the Minimum Short-term Rating or (if the relevant Authorised Investments have an original maturity in excess of one year) the Minimum Long-term Rating from at least one of Fitch, Moody's or S&P; and
- (iv) any other money market funds having the Minimum Short-term Rating from at least one of Fitch, Moody's or S&P;

in each case denominated in sterling, euros or U.S. Dollars and to which any member of the Group is alone (or together with other members of the Group) beneficially entitled at that time and which is not issued or guaranteed by any member of the Group or subject to any Security (other than Security arising under the Security Documents) ("**Authorised Investments**").

*Cash Management during a Standstill Period*

At any time when a Standstill Period is outstanding, the Cash Manager (subject to the prior accession of the Standstill Cash Manager to the Standstill Cash Manager Accession Documents) will cease to undertake the cash management services and all cash management will be undertaken by the Standstill Cash Manager in accordance with the provisions of the CTA.

Following the commencement of a Standstill Period and for so long as it continues, and provided that no Enforcement Action (other than a Permitted Share Pledge Acceleration) has occurred:

- (i) OpCo shall cease to be the Cash Manager and will be replaced by the Standstill Cash Manager which shall control payments into and out of the Accounts;
- (ii) (ii) the Standstill Cash Manager shall on a monthly basis calculate the aggregate of all payments falling to be made, or expected to fall to be made, during the next following period of 12 months and shall calculate all net receipts received and/or expected to be received over that 12-month period. To the extent that the forecast receipts are insufficient to pay the aggregate of all payments falling to be made during the next 12 months, the Standstill Cash Manager shall notionally apply those forecast receipts to each category in accordance with the Payment Priorities until the revenue that are forecast to be available is insufficient to meet all of the payments falling to be made within such 12-month period in any paragraph of the Payment Priorities (the "**Shortfall Paragraph**") and shall, in respect of those categories of payment falling within the Shortfall Paragraph, divide the anticipated revenues remaining pro rata between those amounts; and
- (iii) the Standstill Cash Manager shall, subject to the terms of the relevant DSR Liquidity Facility Agreement and the CTA, during a Standstill Period deliver a DSR LF Notice of Drawing and may from time to time be required and apply such amounts towards amounts due under the Shortfall Paragraph as may from time to time be required.

Throughout the Standstill Period, any payments falling to be made within a category of payment falling within a Shortfall Paragraph shall be satisfied by a payment of the pro rata share of that payment calculated in accordance with paragraph (i) above and the balance of the payment not made shall remain outstanding. No payments falling in a category which falls after a Shortfall Paragraph shall be made but such payments shall remain outstanding.

Upon notice from the Security Trustee that a Standstill has occurred, the Standstill Cash Manager agrees that it will act as Standstill Cash Manager in accordance with the CTA and the STID, from such time and

until instructed otherwise by, or until such instruction is withdrawn by, the Security Trustee, and shall act upon the instructions of the Security Trustee.

In the case of any conflict between any instructions given to the Standstill Cash Manager by the Security Trustee and any other person, the instructions of the Security Trustee will prevail.

## **Security Agreement**

### **Security**

On the Initial Issue Date, the Issuer, MidCo and PledgeCo (each a “**Chargor**” and together the “**Chargors**”) entered into the security agreement (the “**Security Agreement**”) with the Security Trustee pursuant to which each Chargor (a) guarantees to the Security Trustee (for itself and for and on behalf of the Secured Creditors) punctual performance and observance by each member of the Group of that member of the Group’s obligations under the Finance Documents; and (b) undertakes with the Security Trustee (for itself and for and on behalf of the Secured Creditors) that, whenever any other Chargor does not pay any amount when due under or pursuant to any Finance Document, that Chargor must immediately on demand by the Security Trustee pay that amount as if it were the principal obligor.

Each Chargor secured its property, assets and undertakings to the Security Trustee as trustee for the Secured Creditors.

The Security Agreement, to the extent applicable, incorporates the provisions of the CTA and is subject to the STID.

The security constituted by the Security Agreement is expressed to include, amongst other things:

- (i) first legal mortgage over all Real Property (as defined in the Security Agreement) in England and Wales owned by it on the date of the Security Agreement;
- (ii) first fixed equitable charge over all other Real Property (as defined in the Security Agreement) owned by it on the date of the Security Agreement, all Real Property (as defined in the Security Agreement) acquired by it after the date of the Security Agreement and, to the extent not validly and effectively mortgaged under paragraph (i) above, all Real Property (as defined in the Security Agreement) in England and Wales owned by it on the date of the Security Agreement;
- (iii) first fixed charge over:
  - (a) all moneys (other than moneys deposited to the MidCo Distribution Account but including interest) from time to time standing to the credit of each of its Accounts and any other account opened by it with any bank, financial institution or other person and in each case the debts represented thereby;
  - (b) all its Receivables (as defined in the Security Agreement);
  - (c) all its rights in respect of its uncalled capital and goodwill;
  - (d) all its rights in respect of any intra-group loans from time to time both present and future
  - (e) all its Intellectual Property (as defined in the Security Agreement);
  - (f) all its Plant and Machinery (as defined in the Security Agreement), office equipment, computers, vehicles and other chattels, both present and future, (except that validly and effectively mortgaged or charged under paragraph (i) or (ii) above);
  - (g) all its Insurances, any Assigned Agreement (as defined in the Security Agreement) and any MidCo Hedging Agreement to the extent not validly and effectively assigned as described below;
  - (h) any disposal proceeds from the disposal of any Real Property (as defined in the Security Agreement) received from time to time; and

- (i) (to the extent that the same do not fall within any other paragraph and are not effectively assigned as described below) all its rights under each of the Finance Documents and any other contracts, licences or agreements to which such Chargor is a party from time to time and/or that confer any rights upon such Chargor including all bills of exchange and other negotiable instruments held by it, any letters of credit issued in its favour and (subject to any necessary third party's consent to such charge being obtained) any distributorship or agreement for the licensing of Intellectual Property (as defined in the Security Agreement) or similar agreements entered into by it;
- (iv) first mortgage over the Shares (as defined in the Security Agreement) held by it and/or any nominee on its behalf, including those described in the Security Agreement; and
- (v) by way of first floating charge, all its undertaking and all its property, assets and rights whatsoever and wheresoever, both present and future (excluding any property, assets or rights at any time effectively charged or assigned by way of fixed charge or assignment under the Security Agreement).

Pursuant to the Security Agreement, each Chargor also assigns to the Security Trustee by way of security all its rights in respect of:

- (i) the Insurances;
- (ii) any Assigned Agreement (as defined in the Security Agreement);
- (iii) any MidCo Hedging Agreement; and
- (iv) any other contract, licence and agreement to which it is a party except to the extent that it is subject to any fixed security created under any other term of the Security Agreement.

Each Chargor is also obliged to procure that all rights granted in favour of the Investor (as such term is defined in the Acquisition Agreement) in the Acquisition Agreement is effectively charged or assigned by way of fixed charge.

Unless such notice of assignment is covered within the Assigned Agreement (as defined in the Security Agreement) itself or the CTA, each Chargor was required on the Closing Date or, if later, on the date that the Assigned Agreement (as defined in the Security Agreement) is entered into, is required give notice of each assignment in the Security Agreement to the relevant counterparty.

Each Chargor is prohibited from (a) creating or agreeing to create or permitting to subsist any Security Interest or Quasi Security (as defined in the Security Agreement) over any Security Asset, except as permitted by and in accordance with the Finance Documents; and entering into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, transfer or otherwise dispose of any Security Asset, except as permitted by and in accordance with the Finance Documents.

The Security is held on trust by the Security Trustee for itself and on behalf of the Secured Creditors in accordance with and subject to the terms of the STID.

The Security is immediately enforceable after the occurrence of an Event of Default which is continuing. At any time after the Security has become enforceable in accordance with Clause 13.1 (*When Enforceable*) and subject to the restrictions in the STID, the Security Trustee may in its absolute discretion enforce all or any part of the Security Interests and take possession of and hold, sell or otherwise dispose of and/or deal with all or any part of the Security Assets in any manner it sees fit, acting in accordance with the terms of the STID.

## **Additional Resources Available**

### ***Authorised Credit Facilities***

Subject to certain conditions being met, the Issuer and MidCo are permitted to incur certain indebtedness under the Authorised Credit Facilities. These Authorised Credit Facilities may comprise notes and loan, hedging, and liquidity facilities subject to the terms of the CTA and the STID and subject to certain types of facilities only being available to certain Obligors (e.g. MidCo is permitted to enter into DSR Liquidity Facilities and the Issuer is permitted to issue MTN Notes). Each Authorised Credit Facility Provider is a party to the CTA and the STID and may have voting rights thereunder.

### ***DSR Liquidity Facilities***

#### ***DSR Liquidity Facilities – General***

MidCo has the benefit of a DSR Liquidity Facility Agreement which is intended for the purpose of funding any Debt Service Payments (as defined in the DSR Liquidity Facility Agreement) arising as a result of a DSR Liquidity Shortfall (including, for the avoidance of doubt, the repayment of outstanding DSR Liquidity Loan Drawings), after taking into account any cash available for any Debt Service Payments (as defined in the DSR Liquidity Facility Agreement).

The DSR Liquidity Facility Agreement provides that amounts repaid by MidCo may be redrawn.

Interest will accrue on any drawing (including a Standby Drawing) made under the DSR Liquidity Facility provided by a DSR Liquidity Facility Provider at a reference rate per annum plus a margin. Under the DSR Liquidity Facility Agreements, MidCo will also, in certain circumstances, be required to pay additional amounts if (i) a withholding or deduction for or on account of tax is imposed on payments made by it to the relevant DSR Liquidity Facility Provider; or (ii) if the relevant DSR Liquidity Facility Provider suffers an increase in the cost of providing the relevant DSR Liquidity Facility. MidCo will pay certain upfront, agency and renewal fees as well as a commitment fee which will accrue on any undrawn portion of the commitments under the DSR Liquidity Facilities.

All indebtedness outstanding under any DSR Liquidity Facility (other than Subordinated Liquidity Facility Amounts) will rank in priority to the Notes.

#### ***Renewal***

The DSR Liquidity Facility Agreement provides that if MidCo does not make a request for renewal of each DSR Liquidity Facility Provider's commitment under such DSR Liquidity Facility prior to the expiry of the relevant availability period in accordance with the DSR Liquidity Facility Agreement, or any DSR Liquidity Facility Provider does not accept a renewal request in accordance with the DSR Liquidity Facility Agreement (such DSR Liquidity Facility Provider, a "**Non-Renewing DSR Liquidity Facility Provider**"), MidCo will use all commercially reasonable endeavours to:

- (i) enter into a substitute DSR liquidity facility agreement(s) in respect of the Shortfall (as defined in the DSR Liquidity Facility Agreement) with a substitute DSR liquidity facility provider(s) which is rated at least as high as the Requisite Rating (each a "**Substitute DSR Liquidity Facility Provider**"), on substantially the same terms as the DSR Liquidity Facility Agreement (the "**Substitute DSR Liquidity Facility Agreement**") prior to the seventh Business Day before the Scheduled LF Termination Date (as defined in the DSR Liquidity Facility Agreement);
- (ii) find a bank or financial institution that wishes to accede to the DSR Liquidity Facility Agreement as a DSR Liquidity Facility Provider in accordance with and subject to the requirements of the DSR Liquidity Facility Agreement; and/or
- (iii) secure an increase in commitments from one or more existing DSR Liquidity Facility Providers.

If MidCo does not enter into a Substitute DSR Liquidity Facility Agreement(s) under paragraph (i) above, find a bank or financial institution that wishes to accede to the DSR Liquidity Facility Agreement under paragraph (ii) above, and/or secure an increase in Commitments (as defined in the DSR Liquidity Facility

Agreement) from existing DSR Liquidity Facility Providers under paragraph (iii) above prior to the third Business Day before the Scheduled LF Termination Date (as defined in the DSR Liquidity Facility Agreement) with commitments which are in aggregate sufficient to cover the Shortfall (as defined in the DSR Liquidity Facility Agreement), MidCo shall (in respect of each Non-Renewing DSR Liquidity Facility Provider only) be entitled to deliver a DSR LF Notice of Drawing in respect of a Standby Drawing for the full amount of such Non-Renewing DSR Liquidity Facility Provider's Available Commitment (as defined in the DSR Liquidity Facility Agreement) (or for such lesser amount in respect of which no Substitute DSR Liquidity Facility Agreement has been entered into, no other bank or financial institution has so acceded and/or no Commitment (as defined in the DSR Liquidity Facility Agreement) has been so increased) stipulating a drawdown date in accordance with the DSR Liquidity Facility Agreement from such Non-Renewing DSR Liquidity Facility Provider, which amount shall, upon the drawdown, be immediately credited to the Debt Service Reserve Account to the extent required to ensure that the aggregate of commitments of each DSR Liquidity Facility Provider under the DSR Liquidity Facility Agreement (other than the Non-Renewing DSR Liquidity Facility Provider) and any commitments under a Substitute DSR Liquidity Facility Agreement and the amount so credited to that Account is equal to the Required Balance.

#### *Transfers and Assignment*

A DSR Liquidity Facility Provider may only assign all or any of its rights under the LF Finance Documents (as defined in the DSR Liquidity Facility Agreement) to which it is a party or transfer by novation all or any of its rights and obligations under the DSR Liquidity Facility Agreement or under any of the LF Finance Documents (as defined in the DSR Liquidity Facility Agreement) to which it is a party if certain conditions are met including that such assignment or transfer must be to a DSR Liquidity Facility Provider or financial institution which is rated at least as high as the Requisite Rating.

#### *Requisite Rating*

The DSR Liquidity Facility Agreement includes minimum rating requirements applicable to the DSR Liquidity Facility Providers.

The DSR Liquidity Facility Agreement provides that if any DSR Liquidity Facility Provider does not or ceases to have the Requisite Rating (an "**Affected DSR Liquidity Facility Provider**"), MidCo shall use commercially reasonable endeavours to:

- (i) find a Substitute DSR Liquidity Facility Provider;
- (ii) find a bank or financial institution that wishes to accede to the DSR Liquidity Facility Agreement as a DSR Liquidity Facility Provider in accordance with and subject to the requirements of the DSR Liquidity Facility Agreement; and/or
- (iii) secure an increase in commitments from one or more existing DSR Liquidity Facility Provider(s) of, in aggregate, the same amount as the commitment of the Affected DSR Liquidity Facility Provider or such lower amount which when aggregated with any additional commitments provided pursuant to paragraphs (i) and (ii) above is equal to the amount of the commitment of the Affected DSR Liquidity Facility Provider,

and, if MidCo does not find such Substitute DSR Liquidity Facility Provider or such bank or financial institution to accede to the DSR Liquidity Facility Agreement with the Requisite Rating, or secure such increase in commitments from one or more existing DSR Liquidity Facility Provider(s) with commitments which are in aggregate at least equal to the commitment of the Affected DSR Liquidity Facility Provider, prior to the thirtieth Business Day after the Downgrade Date (as defined in the DSR Liquidity Facility Agreement), MidCo shall (but shall not be obliged to) deliver, on one Business Day's notice at any time after the Downgrade Date (as defined in the DSR Liquidity Facility Agreement), a DSR LF Notice of Drawing requesting a Standby Drawing from that DSR Liquidity Facility Provider alone in an amount equal to its Available Commitment (as defined in the DSR Liquidity Facility Agreement). On the making of

a Standby Drawing, MidCo shall immediately credit such amount to the Debt Service Reserve Account the DSR Liquidity Facility Agreement.

#### *Standby Drawings*

A Standby Drawing will generally be repayable on the earliest to occur of the LF Termination Date (as defined in the relevant DSR Liquidity Facility Agreement) or:

- (i) where the Standby Drawing results from an event occurring as described under the section “*Requisite Rating*” above, (i) MidCo serving a notice of cancellation to the Affected DSR Liquidity Facility Provider, or (ii) the Affected DSR Liquidity Facility Provider assigning or transferring its rights, benefits or obligations under the LF Finance Documents (as defined in the DSR Liquidity Facility Agreement), or (iii) the day which is two Business Days after the date on which the relevant DSR Liquidity Facility Provider has served a notice confirming that it is ascribed the Requisite Rating, or (iv) MidCo entering into arrangements which results in the remedy of the Shortfall (as defined in the DSR Liquidity Facility Agreement), or (v) the relevant DSR Liquidity Facility Provider being prepaid, or (vi) all Rating Agencies then rating the MTN Notes have provided an affirmation of the then current ratings of the MTN Notes in connection with such repayment, provided that in circumstances where a Rating Agency is not willing to issue a rating affirmation due to its then prevailing policy regarding the issue of rating affirmations, the Transaction Agent has certified in writing to the Security Trustee that, in its opinion (and where the relevant Rating Agency was prepared to consult with the Transaction Agent this opinion is based on consultation with such Rating Agency), such amendment would not cause the ratings of the MTN Notes to be downgraded below their then current ratings; or
- (ii) where the Standby Drawing results from an event occurring as described under the section “*Renewal*” above, (i) MidCo entering into a replacement DSR Liquidity Facility on terms acceptable to the Security Trustee, (ii) upon MidCo serving a notice of cancellation to the Affected DSR Liquidity Facility Provider, or (iii) a new DSR Liquidity Facility Provider acceding to the DSR Liquidity Facility Agreement, or (iv) one or more existing DSR Liquidity Facility Provider(s) increasing its commitment, or (v) the relevant DSR Liquidity Facility Provider being prepaid, or (vi) a Substitute DSR Liquidity Facility Agreement being entered into or (vii) all the Rating Agencies then rating the MTN Notes have provided an affirmation of the then current ratings of the MTN Notes, in connection with such repayment, provided that in circumstances where a Rating Agency is not willing to issue a rating affirmation due to its then prevailing policy regarding the issue of rating affirmations, the Transaction Agent has certified in writing to the Security Trustee that, in its opinion (and where the relevant Rating Agency was prepared to consult with the Transaction Agent this opinion is based on consultation with such Rating Agency), such amendment would not cause the ratings of the MTN Notes to be downgraded below their then current ratings;

#### *LF Events of Default*

No DSR Liquidity Facility Provider shall be obliged to make facilities available if (i) MidCo fails to pay any sum under the DSR Liquidity Facility Agreement or any related fee letter at the time, in the currency and in the manner specified therein unless payment is made within three Business Days; (ii) an Insolvency Event has occurred in respect of MidCo; or (iii) an Acceleration of Liabilities (other than a Permitted Hedge Termination or a Permitted Share Pledge Acceleration) pursuant to the STID has occurred; or (iv) a Standstill Period terminates other than pursuant to a waiver of the Event of Default which gave rise to the relevant Standstill Period by the Majority Creditors in accordance with the STID.

#### *Hedging*

The CTA provides that the Group shall ensure that all exchange rate, interest rate and inflation hedging arrangements required by the Hedging Policy are implemented in accordance with the terms of the Hedging Policy and that such arrangements are not terminated, waived or cancelled save as permitted by the Hedging Policy.

Any member of the MidCo Group may enter into MidCo Hedging Agreements, other than PledgeCo. Any member of the GasD OpCo Group may enter into GasD OpCo Group Hedging Agreements.

The purpose of the Hedging Policy is to limit the Group's exposure to fluctuations in interest rates, currencies and inflation and for the avoidance of doubt the Hedging Policy neither applies to nor prohibits any Treasury Transactions which are otherwise permitted by the CTA.

The Hedging Policy will be regularly reviewed by MidCo and OpCo and amended (in accordance with the provisions of the STID) as appropriate in line with market developments, regulatory developments and prudent treasury management.

#### *Hedging Policy*

No member of the Group shall enter into Treasury Transactions for the purpose of speculation, but rather only to manage risk inherent in its business or funding on a prudent basis and which shall include any pre-hedging if thought appropriate.

No member of the Group may bear unhedged currency risk in respect of the interest payable to expected maturity and the repayment of principal under any foreign currency denominated debt instruments.

If on any date for the duration of the current Rolling Hedging Test Period, less than 70 per cent. of the total outstanding principal amount of the Relevant Debt: (i) is fixed rate; (ii) is index-linked; or (iii) effectively bears a fixed rate or an index linked rate pursuant to a Hedging Agreement (after taking into account any Offsetting Transactions but excluding any Hedging Transactions in respect of which the effective date has not yet occurred) (the occurrence of such event, an "**Underhedged Position**") then the Group must, within 35 days of the Underhedged Position occurring, increase the notional amount of the Hedging Transactions so that it is in compliance with the parameters of this paragraph and so that there is no Underhedged Position.

If on any date for the duration of the current Rolling Hedging Test Period the aggregate notional amount of the Hedging Transactions that are interest rate or inflation-linked transactions (excluding any Hedging Transactions for which the effective date has not yet occurred) exceeds 110 per cent. of the total outstanding principal amount of the Relevant Debt (after taking into account any Offsetting Transactions) (an "**Overhedged Position**") then the relevant member of the Group must, within 30 days of the Overhedged Position occurring, reduce the notional amount in respect of such Hedging Transactions (which may be achieved by terminating one or more such Hedging Transactions (in whole or in part) and/or entering into Offsetting Transactions) so that it is in compliance with the parameters of this paragraph and so that there is no Overhedged Position.

For the purpose of determining whether or not there is an Overhedged Position, the notional amount and/or currency amount of a Hedging Transaction (the "**First Hedging Transaction**") on any date shall be reduced by the notional amount or corresponding currency amount of another Hedging Transaction (the "**Second Hedging Transaction**") on that date if that Second Hedging Transaction is an Offsetting Transaction in respect of that First Hedging Transaction. For this purpose, "**Offsetting Transaction**" means, in respect of the Second Hedging Transaction, a Hedging Transaction which (i) has been entered into with a Hedge Counterparty which has acceded to the STID and the Common Terms Agreement (but only where the relevant Offsetting Transaction is entered into pursuant to a MidCo Hedging Agreement); (ii) is governed by a Hedging Agreement; and (iii) has the effect that the same member of the Group, which pays amounts determined on the basis of a particular rate, currency or underlying asset under the First Hedging Transaction, receives amounts determined on such basis under the Second Hedging Transaction, and vice versa (whether the notional amount or corresponding currency amount is equal to, or less than, the notional amount or corresponding currency amount of the other Hedging Transaction). For the avoidance of doubt, in the event that an Obligor or member of the Group enters into an Offsetting Transaction with a Hedge Counterparty, the parties to the Hedging Agreement may document the arrangement as either two separate Hedging Transactions or a single combined Hedging Transaction, the effect of which is as if there had been two separate Hedging Transactions.

Interest rate risk on floating rate liabilities will be hedged through a combination of cash balances, Authorised Investments and instruments such as interest rate swaps.

The GasD OpCo Group and the MidCo Group may manage its exposure to inflation risk through the use of index-linked instruments where it is cost effective.

Any member of the MidCo Group may only enter into Treasury Transactions with counterparties whose short-term or long-term rating (as applicable) is no less than the Day 1 Minimum Rating as at the Trade Date (as such term is defined in the relevant Hedging Agreement) in respect of such Treasury Transaction, or where a guarantee is provided by an institution which meets the same criteria, or where these requirements are satisfied by a combination of the ratings of the counterparty and its guarantor.

For the purposes of the Hedging Policy only:

**"Day 1 Minimum Rating"** means, in the case of S&P: BBB+, in the case of Fitch: BBB+, and in the case of Moody's: Baa1 (to the extent that such ratings have been assigned to the relevant Hedge Counterparty by Moody's, S&P or Fitch), or such lower rating level notified in writing by MidCo to the Security Trustee: (i) which, in the opinion of MidCo having discussed with the relevant Rating Agencies, would not lead to any downgrade or the placing on credit watch negative (or equivalent) of the then current ratings ascribed to the MTN Notes by the relevant Rating Agencies; and (ii) provided that such rating shall not be required from any such Rating Agency that is not then rating the MTN Notes.

#### *Termination of the Hedging Agreements*

A MidCo Hedge Counterparty is entitled to terminate a Hedging Agreement only in certain limited circumstances in accordance with the CTA being:

- (i) a failure by the relevant member of the MidCo Group to make payment under the relevant MidCo Hedging Agreement when due;
- (ii) certain insolvency events affecting relevant member of the MidCo Group (other than PledgeCo) that has entered into that MidCo Hedging Agreement;
- (iii) an illegality event affecting the relevant MidCo Hedging Agreement;
- (iv) a force majeure event affecting the relevant MidCo Hedging Agreement;
- (v) certain tax events and tax events upon merger;
- (vi) termination of a Standstill Period (except by virtue of remedy or waiver of the relevant Event of Default giving rise to the Standstill Period);
- (vii) the relevant member of the Group has not, within 30 days of an Overhedged Position occurring, reduced the notional amount of its Hedging Transactions so that each is in compliance with the requirements of the Hedging Policy, provided that:
  - (a) an Early Termination Date (as defined in the relevant Hedging Agreement) may only be designated in respect of the notional amount of Hedging Transactions to the extent necessary for the relevant member of the Group to be able to comply with the requirements of the Hedging Policy; and
  - (b) the Hedge Counterparties (each acting reasonably) agree a time period over which Early Termination Dates for the relevant Hedging Agreements are to be designated and a reasonable mechanism to determine the price to the relevant member of the Group of effecting such reduction in accordance with the Hedging Policy;
- (viii) in whole or in part, without the consent of the Security Trustee, on such terms as may be agreed from time to time between the relevant MidCo Hedge Counterparty and the relevant member of the MidCo Group (other than PledgeCo) that has entered into such Hedging Transaction in order to allow such member of the MidCo Group (or any other member of the Group) to comply with the requirements of the Hedging Policy.

In the event that a Hedging Agreement is terminated, a termination payment may be due from MidCo.

## **Other Finance Documents**

### ***Account Bank Agreement***

Pursuant to the Account Bank Agreement, the Account Bank agreed to hold the Accounts and operate them in accordance with the instructions of an Obligor, the Transaction Agent, the Cash Manager (on behalf of the Transaction Agent), the Standstill Cash Manager or the Security Trustee (as applicable). The Cash Manager or Standstill Cash Manager (as applicable) manages the Accounts on behalf of the MidCo Group pursuant to the CTA (see the section “**Cash Management**” above).

### ***Tax Deed of Covenant***

Pursuant to the Tax Deed of Covenant, among other things, all the parties thereto which are members of the Group made representations and gave covenants with a view to protecting the Obligors from various tax-related risks.

Under the terms of the Tax Deed of Covenant, each Obligor, OpCo and HoldCo gave certain representations and covenants as to its tax status and to the effect that, no member of the MidCo Sub-Group has taken any steps under which any MidCo Sub-Group Company could become liable, either alone or on a joint and several basis, for an amount of Tax which is primarily the liability of a person other than a MidCo Sub-Group Company under a Secondary Tax Liability Provision (a “**Secondary Tax Liability**”) and, save in certain permitted circumstances, that it will not take any steps and will procure, to the extent that it is able to do so, that no steps are taken which would cause any member of the MidCo Sub-Group to become subject to any liability to tax under section 179 Taxation of Chargeable Gains Act 1992 (“**TCGA**”), (b) any liability to stamp duty land tax (or in respect of stamp duty land tax) under paragraph 3, 4A, 9 or 11 Schedule 7 Finance Act 2003, or any liability to tax in respect of a taxable credit or, as the case may be, total net credit, by virtue of sections 345, 346, 631 or 780 Corporation Tax Act 2009 respectively, or any other provision of a similar nature whenever enacted (including any future provision) in the United Kingdom or elsewhere (each a “**Degrouping Charge**”).

Under the Tax Deed of Covenant, HoldCo covenanted that any Degrouping Charge which has arisen to a member of the MidCo Sub-Group on or prior to the date of completion under the Acquisition Agreement has been or will be (a) discharged by a member of the NGHO Group at no cost to any member of the Group (including, where applicable, by a member of the NGHO Group making an election under section 171A TCGA or section 792 or section 794 CTA 2009 or through a surrender of Group Relief), or (b) indemnified by payment of an amount equal to such Degrouping Charge by NGHO to MidCo pursuant to the Acquisition Agreement.

With a view to preventing or mitigating a Degrouping Charge arising in an Obligor, HoldCo, under the Tax Deed of Covenant, incurred certain obligations in relation to specified events including changes in ownership of PledgeCo. For example, the Tax Deed of Covenant provides that in certain circumstances where it is anticipated that there will be a change of control for tax purposes of PledgeCo and therefore of the Obligors, HoldCo can be required to pay or procure the payment of an amount equal to the maximum amount of any liabilities to make an actual payment of Tax of by any members of the MidCo Sub-Group arising or likely to arise as a result of the change of control (taking into account any certain permitted tax loss transactions made or likely to be made in order to mitigate any such liability). The money paid could then be used to pay the tax liability of the Obligor.

The GasD VAT Group (of which OpCo is the representative member) is comprised of certain members of the Group, including OpCo, PropCo and FinCo. With a view to mitigating the possibility of any Obligor becoming liable (on a joint and several basis or otherwise) for any VAT liability of another person (other than an Obligor), the Obligors, OpCo and HoldCo represented and covenanted that no person other than a member of the MidCo Sub-Group and/or HoldCo shall (other than as a result of a change of law) become treated as a member of the GasD VAT Group without the consent of the Security Trustee. HoldCo will also indemnify each Obligor in respect of any VAT liability (and any related interest, penalty

or similar sum) which it may incur by virtue of the failure by any other member of the GasD VAT Group to pay any VAT (or other such sum) to HMRC within the time period allowed for payment of the same without incurring interest or penalties.

In the Tax Deed of Covenant:

**"GasD VAT Group"** means the VAT Group of which, as at the Closing Date, OpCo is the representative member;

**"MidCo Sub-Group"** means PledgeCo, MidCo, the Issuer, OpCo, FinCo and PropCo (and each a **"MidCo Sub-Group Company"**);

**"NGHO"** means National Grid Holdings One plc;

**"NGHO Group"** means NGHO and any person from time to time controlled by NGHO, under common control with NGHO or which controls NGHO (defining "control", "controls" and "controlled" in accordance with Section 450 CTA 2010), other than the OpCo, FinCo, PropCo, MidCo, PledgeCo or the Issuer; and

**"Secondary Tax Liability Provision"** means any of sections 77A of the Value Added Tax Act 1994, section 94, 199 or 202 Inheritance Tax Act 1984, paragraph 75A Schedule 18 Finance Act 1998, sections 455, 710, 713, 821, 977 or Part 8ZB Corporation Tax Act 2010, section 200, 371QC or 371UF Taxation (International and Other Provisions) Act 2010, sections 109B to 109E Taxes Management Act 1970, section 13, 31A(9)(b), Section 31, 69, 82, 125, 137, 139, 171A, 187, 189, 190, or 282 Taxation of Chargeable Gains Act 1992, regulation 21 of the Corporation Tax (Treatment of Unrelieved Surplus Advance Corporation Tax) Regulations 1999, Chapter 7 of Part 22 Corporation Tax Act 2010, section 792, 795 or 797 Corporation Tax Act 2009, paragraph 8 of Schedule 34 or paragraph 9 Schedule 35 Finance Act 2002, or paragraph 5, 6, 12 or 13 of Schedule 7 Finance Act 2003; or any other provision of a similar nature (including, any future provision) whether in the United Kingdom or elsewhere but does not include: (i) section 43 of the Value Added Tax Act 1994; or (ii) any provision listed under the definition of a Degrouping Charge.

## TAXATION

### United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment, at the date hereof, in relation to payments of principal and interest in respect of the Notes. It is based on current United Kingdom tax law as applied in England and Wales and the published practice of HM Revenue and Customs ("HMRC") (which may not be binding on HMRC), both of which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes which is not intended to be exhaustive and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

#### **(A) U.K. Withholding Tax on U.K. Source Interest**

The Notes issued by the Issuer which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007 (the "**Act**") or admitted to trading on a "multilateral trading facility" (within the meaning of section 987 of the Act). The London Stock Exchange is a recognised stock exchange for these purposes. Notes will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) by the U.K. Listing Authority and are admitted to trading on the Regulated Market of the London Stock Exchange or the Professional Securities Market of the London Stock Exchange. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

In all cases falling outside the exemption described above, interest on the Notes will generally fall to be paid by the Issuer under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to the availability of other reliefs under domestic law or to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply. However, the obligation to withhold will not apply if the relevant interest is paid on Notes with a maturity date of less than one year from the date of issue and which (i) are not issued under a scheme or arrangement the intention or effect of which is to render such Notes part of a borrowing with a total term of a year or more and (ii) are not issued under a scheme or arrangement the intention of which is to render such Notes part of a borrowing capable of remaining outstanding for a total term of a year or more.

## **(B) Other Rules Relating to United Kingdom Withholding Tax**

Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes should not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in (A) above.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. United Kingdom withholding tax requirements in relation to payments of interest are outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references in this part to "interest" shall mean amounts that are treated as interest for the purposes of United Kingdom taxation. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Noteholders should seek their own professional advice, as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an Issuer pursuant to Condition 12.4 of the MTN Notes or otherwise and does not consider the tax consequences of any such substitution.

## **(C) Payments in Respect of the Guarantee**

The United Kingdom withholding tax treatment of payments by the Guarantors under the terms of the Guarantee in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) is uncertain. In particular, such payments by the Guarantor may not be eligible for the exemption in respect of securities listed on a recognised stock exchange described above in relation to payments of interest by the Issuer. Accordingly, if the Guarantors make any such payments, these may be subject to United Kingdom withholding tax at the basic rate (currently 20 per cent.) subject to such reliefs as may be available.

## **FATCA Withholding**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments prior to 1 January 2019 and Notes that have a fixed term and that are not treated as equity for U.S. federal income tax purposes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. federal register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes (as described under "*Terms and Conditions of the MTN Notes — Further Issues*") that are not distinguishable from grandfathered Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including

grandfathered Notes, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

In the event any withholding would be required pursuant to FATCA or an IGA, neither the Issuer nor any paying agent or any other person would be required to pay additional amounts as a result of the deduction or withholding.

## PLAN OF DISTRIBUTION

### Summary of Agreement – MTN Notes

Subject to the terms and on the conditions contained in a Dealer Agreement dated on or around 19 December 2018 (as amended or supplemented from time to time) between the Issuer, the Guarantors, the Permanent Dealers and the Arranger (the “**Dealer Agreement**”), the MTN Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to issue MTN Notes directly on its own behalf to dealers which are not Permanent Dealers. If also agreed between the Issuer and the Dealers, the MTN Notes may also be issued by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for MTN Notes to be issued in syndicated Tranches which are jointly and severally underwritten by two or more Dealers. The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the MTN Notes.

### Transfer Restrictions Applicable to US PP Notes

*As a result of the following restrictions, purchasers of US PP Notes are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such US PP Notes.*

Each purchaser or holder of US PP Notes will be required to sign a Note Purchase Agreement pursuant to which it will make certain representations and agreements intended to restrict the resale or other transfer of such US PP Notes as follows:

- (a) it and any account for which it is acting on behalf of is either (X) an institution which is an “accredited investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D of the Securities Act (an “**Institutional Accredited Investor**”) or (Y) outside the United States and not a U.S. person, in each case purchasing for its own account or for one or more pension or trust funds that also fall within (X) or (Y) of this paragraph (a) for investment purposes and not with a view to the distribution thereof, provided that the disposition of such US PP Note Purchaser's or their assets shall at all times be within such US PP Note Purchaser's or their control;
- (b) it understands that neither the US PP Notes nor the Guarantee of the US PP Notes will be registered under the Securities Act and the US PP Notes and the Guarantee of the US PP Notes may not be reoffered or resold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (c) it agrees, on its own behalf and on behalf of any accounts for which it is acting as hereinafter stated, not to offer, sell or otherwise transfer US PP Notes except (i) to the Issuer or any affiliate thereof (subject to the terms of the Note Purchase Agreement); (ii) inside the United States to a person whom the seller reasonably believes is an Institutional Accredited Investor; or (iii) outside the United States to a non-U.S. person in accordance with Rule 903 or Rule 904 under Regulation S. It understands that on any proposed resale of any US PP Notes, it and each subsequent holder will be required to deliver to the transferee of the US PP Notes, or any interest or participation therein, a notice substantially to the foregoing effect;
- (d) it understands that the Issuer will not be required to accept for registration of transfer any US PP Notes acquired by a purchaser if such transfer is made in violation of the transfer restrictions set out in paragraph (iii) above; and
- (e) that the US PP Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS

AND MAY NOT BE OFFERED OR SOLD EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS AN INSTITUTION WHICH IS AN "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D OF THE SECURITIES ACT) (AN "**INSTITUTIONAL ACCREDITED INVESTOR**") PURCHASING THE NOTES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE INSTITUTIONAL ACCREDITED INVESTORS AND NOT WITH A VIEW TO THE DISTRIBUTION THEREOF, PROVIDED THAT THE DISPOSITION OF SUCH PURCHASER'S OR THEIR ASSETS SHALL AT ALL TIMES BE WITHIN SUCH PURCHASER'S OR THEIR CONTROL OR (2) IT IS NOT WITHIN THE UNITED STATES AND NOT A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF (SUBJECT TO THE TERMS OF THE NOTE PURCHASE AGREEMENT REFERRED TO BELOW), (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS AN INSTITUTIONAL ACCREDITED INVESTOR, OR (3) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND."

## **Selling Restrictions**

### **United States**

Neither the Notes nor the Guarantee have been, and neither will be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Notes and the Guarantee may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C or TEFRA D apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes and Guarantee of any identifiable Tranche, (i) as part of its distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined and certified to the Issuer or the MTN Issuing and Paying Agent by such Dealer, or in the case of Notes and the Guarantee issued on a syndicated basis, by each of such Dealers, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes and the Guarantee during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes and the Guarantee within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes and the Guarantee, an offer or sale of Notes and the Guarantee within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### **Prohibition of Sales to European Economic Area Retail Investors**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not

offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the applicable Final Terms or Pricing Supplement (as the case may be) in relation thereto to any retail investor in the EEA. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); and
- (b) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### **United Kingdom**

Each Dealer has represented, warranted and agreed that:

- (a) in relation to any MTN Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any MTN Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any MTN Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and
- (b) it has complied and will comply with all applicable provisions of the FSMA (and all rules and regulations made pursuant to the FSMA) with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Japan**

Each Dealer has represented that it understands, and each further Dealer appointed under the Programme will be required to represent that it understands, that the Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Dealers has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any MTN Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other applicable laws, regulations and ministerial guidelines of Japan.

### **General**

These selling restrictions may be modified by the agreement of the Issuer and the Guarantors and (i) in the case of MTN Notes, the Dealers and (ii) in the case of US PP Notes, the relevant US PP Note Purchaser(s) following a change in a relevant law, regulation or directive.

No action has been or will be taken in any country or jurisdiction by the Issuer, the Guarantors or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material

in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers MTN Notes or has in its possession or distributes this Prospectus, any other offering material or any Final Terms.

## FORM OF FINAL TERMS

*The Final Terms in respect of each Tranche of MTN Notes which is admitted to trading on the London Stock Exchange's regulated market will be substantially in the following form, duly completed to reflect the particular terms of the relevant MTN Notes and their issue.*

**PROHIBITION OF SALES TO EEA INVESTORS** - The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**[MIFID II PRODUCT GOVERNANCE** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**Final Terms dated [●]**

**QUADGAS FINANCE PLC**

**Legal entity identifier (LEI): [●]**

**guaranteed upon issue by**

**QUADGAS MIDCO LIMITED AND QUADGAS PLEDGECO LIMITED**

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]  
under the £5,000,000,000 Secured Debt Issuance Programme

### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the MTN Notes set forth in the Prospectus dated 19 December 2018 [and the supplementary Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Directive 2003/71/EC (as amended superseded) (the "Prospectus Directive"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the supplementary Prospectus[es]] [is] [are] available for viewing at, and copies may be obtained from, the registered address of the Issuer at Ashbrook Court Prologis Park, Central Boulevard, Coventry, United Kingdom, CV7 8PE and the office of the MTN Issuing and Paying Agent at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR and are available for viewing on the website of Regulatory News Services operated by the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

The following alternative language applies if the first Tranche of an issue which is being increased was issued under a Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) contained in the Note Trust Deed dated [*original date*] and set forth in the Prospectus dated [*original date*] and incorporated by reference into the Prospectus dated 19 December 2018 and which are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Directive 2003/71/EC (as amended or superseded) (the “**Prospectus Directive**”) and must be read in conjunction with the Prospectus dated 19 December 2018 [and the supplementary Prospectus], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus dated 19 December 2018 [and the supplementary Prospectuses dated [●]]. The Prospectus [and the supplementary Prospectus/] [is/are] available for viewing at, and copies may be obtained from, the registered address of the Issuer at Ashbrook Court Prologis Park, Central Boulevard, Coventry, United Kingdom, CV7 8PE and the office of the MTN Issuing and Paying Agent at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR and are available for viewing on the website of Regulatory News Services operated by [the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

1	(i) Issuer:	Quadgas Finance plc
	(ii) Guarantors:	Quadgas MidCo Limited and Quadgas PledgeCo Limited
2	[(i)] Series Number:	[●]
	[(ii) Tranche Number:	[●]
	[(iii) Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [ <i>insert description of the Series</i> ] on [ <i>insert date</i> /the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 25 below [which is expected to occur on or about [ <i>insert date</i> ]]].]
3	Specified Currency or Currencies:	[●]
4	Aggregate Principal Amount:	[●]
	[(i)] Series:	[●]
	[(ii) Tranche:	[●]
5	Issue Price:	[●] per cent. of the Aggregate Principal Amount [plus accrued interest from [●]]
6	Specified Denomination(s):	[●]
7	Calculation Amount:	[●]
8	[(i)] Issue Date:	[●]
	[(ii)] Interest Commencement Date:	[●]
9	Maturity Date:	[●][Interest Payment Date falling in or nearest to [●]]
10	Interest Basis:	[[●] per cent. Fixed Rate] [[LIBOR][EURIBOR] +/- [●] per cent. Floating Rate] [Index Linked Interest] (See paragraph [15/16/17] below)

11	Redemption/Payment Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●] per cent. of their principal amount] [Index Linked Redemption]
12	Change of Interest or Redemption/Payment Basis:	[[●]/[Not Applicable]]
13	Put/Call Options:	[Investor Put] [Issuer Call][Make-whole] (See paragraph [18/19/20/21/22] below)
14	Date [Board] approval for issuance of Notes [and the Guarantee] obtained:	[●]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15	<b>Fixed Rate Note Provisions</b>	[Applicable/Not Applicable]
	(i) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii) Interest Payment Date(s):	[●] in each year commencing on [●] and ending on [●]
	(iii) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
	(iv) Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(v) Day Count Fraction (Condition 4.3.5):	[30/360 / Actual/Actual [(ICMA)/ISDA]] / Actual/365 (Fixed) / Actual/360 / 30E/360 / 360/360 / Bond Basis / 30E/360 (ISDA) / Eurobond Basis]
	(vi) Determination Dates (Condition 4.3.5):	[●] in each year
16	<b>Floating Rate Note Provisions</b>	[Applicable/Not Applicable]
	(i) Interest Period(s):	[●], subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
	(ii) Specified Interest Payment Dates:	[●], subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
	(iii) Interest Period Date:	[Not Applicable]/[[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
	(iv) First Interest Payment Date:	[Not Applicable]/ [●] [in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in

- (v) below is specified to be Not Applicable]]
- (v) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] [Not Applicable]
- (vi) Business Centre(s) (Condition 4.3.5): [●]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Interest Period Date(s): [Not Applicable/[●]]
- (ix) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the MTN Calculation Agent): [●]
- (x) Screen Rate Determination (Condition 4.2.3(B)):
- Relevant Time: [●]
  - Interest Determination Date(s): [●] [[TARGET] Business Days in [●] for [●] prior to [●]]  
[Second London business day prior to the start of each Interest Accrual Period]  
[First day of each Interest Accrual Period]  
[Second day on which the TARGET 2 System is open prior to the start of each Interest Accrual Period]
  - Primary Source for Floating Rate: [●]
  - Reference Banks (if Primary Source is “Reference Banks”): [●]
  - Relevant Financial Centre: [●]
  - Benchmark: [LIBOR/ EURIBOR]
  - Representative Amount: [●]
  - Effective Date: [●]
  - Specified Duration: [●]
- (xi) ISDA Determination (Condition 4.2.3(A)):
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (xii) Linear Interpolation (Condition 4.2.3(C)): [Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]

	(xiii) Margin(s):	[[+/-][●] per cent. per annum] [Not Applicable]
	(xiv) Minimum Rate of Interest:	[●] per cent. per annum [Not Applicable]
	(xv) Maximum Rate of Interest:	[●] per cent. per annum [Not Applicable]
	(xvi) Day Count Fraction (Condition 4.3.5):	[30/360 / Actual/Actual ([ICMA]/ISDA) / Actual/365 (Fixed) / Actual/360 / 30E/360 / 360/360 / Bond Basis / 30E/360 (ISDA) / Eurobond Basis / 30E/360 (ISDA)]
17	<b>Index Linked Interest Note</b>	[Applicable/Not Applicable]
	(i) Index:	[RPI/CPI/CPIH]
	(ii) Rate of Interest:	[●] per cent. [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(iii) Party responsible for calculating the Rate(s) of Interest, Interest Amount and Redemption Amount(s) (if not the MTN Calculation Agent):	[[●] / Not Applicable]
	(iv) Specified Interest Payment Dates:	[●]
	(v) First Interest Payment Date:	[●]
	(vi) Interest Period(s):	[●]
	(vii) Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(viii) Minimum Indexation Factor:	[Not Applicable/[●]]
	(ix) Business Centre(s) (Condition 4.3.5):	[●]
	(x) Maximum Indexation Factor:	[Not Applicable/[●]]
	(xi) Limited Indexation Month(s) or Period for calculation of Limited Indexation Factor:	[●] per cent. per annum
	(xii) Base Index Figure (Condition 5.1):	[●]
	(xiii) Day Count Fraction (Condition 4.3.5):	[30/360 / Actual/Actual ([ICMA]/ISDA) / Actual/365 (Fixed) / Actual/360 / 30E/360 / 360/360 / Bond Basis / 30E/360 (ISDA) / Eurobond Basis / 30E/360 (ISDA)]
	(xiv) "Index Figure" (Condition 5.1):	Paragraph [(i)/(ii)/(iii)] of the definition of the relevant "Index" as set out in Condition 5.1 shall apply
	(xv) Reference Gilt:	[[●]/ Not Applicable]

**PROVISIONS RELATING TO REDEMPTION**

18	<b>Residual Holding Call Option</b>	[Applicable/Not Applicable]
----	-------------------------------------	-----------------------------

- (i) Residual Holding Percentage: [●] per cent.
  - (ii) Party responsible for calculating the Residual Holding Redemption Amount (if not the MTN Calculation Agent): [●]
  - (iii) Benchmark Security: [●]
  - (iv) Benchmark Spread: [●] per cent. per annum
  - (v) Benchmark Day Count Fraction: [●]
- 19 **Call Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount(s) of each Note: [[●] per Calculation Amount]
  - (iii) If redeemable in part:
    - (a) Minimum principal amount to be redeemed: [●]
    - (b) Maximum principal amount to be redeemed: [●]
  - (iv) Option Exercise Date(s): [●]
  - (v) Notice periods (Condition 6.5.2): Minimum Period: [15]/[●] days  
Maximum Period: [30]/[●] days
- 20 **Make-whole Redemption Option** [Applicable/Not Applicable]
- (i) Make-whole Redemption Date(s): [●]
  - (a) Reference Bond: [●]
  - (b) Quotation Time: [●]
  - (c) Redemption Margin: [[●] per cent.][None]
  - (d) Determination Date: [●]
  - (ii) If redeemable in part:
    - (a) Minimum principal amount to be redeemed: [●]
    - (b) Maximum principal amount to be redeemed: [●]
  - (iii) Notice periods (Condition 6.5.3): Minimum Period: [15]/[●] days  
Maximum Period: [30]/[●] days
- 21 **Optional Put Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount(s) of each Note: [●] per Calculation Amount
  - (iii) Option Exercise Date(s): [●]
  - (iv) Notice periods (Condition 6.6): Minimum Period: [15]/[●] days  
Maximum Period: [30]/[●] days

- (v) Option Period: [●]
- 22 **Final Redemption Amount of each Note** [[●] per Calculation Amount]
- In cases where the Final Redemption Amount is Index-Linked:
- (i) Index: [RPI/CPI/CPIH]
- (ii) Party responsible for calculating the Final Redemption Amount (if not the MTN Calculation Agent): [[●] / Not Applicable]
- (iii) Determination Date(s): [●]
- (iv) Payment Date: [●]
- (v) Minimum Final Redemption Amount: [●] per Calculation Amount
- (vi) Maximum Final Redemption Amount: [●] per Calculation Amount
- (vii) Notice Periods (Condition 5.6): Minimum Period: [30]/[●] days  
Maximum Period: [60]/[●] days
- 23 **Early Redemption Amount**
- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 6.2) or on Event of Default (Condition 10): [●] per Calculation Amount
- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 6.2): [Yes/No]
- (iii) Notice Periods (Condition 6.2): Minimum Period: [30][●] days  
Maximum Period: [45][●] days

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 24 Form of Notes
- [Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on 40 days' notice]
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- 25 New Global Note: [No/Yes]
- 26 Financial Centre(s) or other special provisions relating to Payment Dates (Condition 7.6): [Not Applicable/[●]]

27	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
----	---	--

**THIRD PARTY INFORMATION**

[[●] has been extracted from [●]. The Issuer and the Guarantors confirm that such information has been accurately reproduced and that, so far as they are aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

Signed on behalf of Quadgas MidCo Limited:

By: .....  
Duly authorised

Signed on behalf of Quadgas PledgeCo Limited:

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1 LISTING AND TRADING

- (i) Listing: The Official List
- (ii) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market with effect from [●].
- (iii) Estimate of total expenses related to admission to trading: [●]

### 2 RATINGS

- Ratings: The Notes to be issued [have [not ]been][are expected to be] rated[:
- [S&P: [●]]
- [Moody's: [●]]
- [Fitch: [●]]

### 3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

### 4 [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i)] Reasons for the offer: [●]
- [(ii)] Estimated net proceeds: [●]
- [(iii)] Estimated total expenses: [●]

### 5 [Fixed Rate Notes only – YIELD

- Indication of yield: Calculated as [●] on the Issue Date. The yield is calculated on the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 6 [Index Linked Notes only – PERFORMANCE OF INDEX AND OTHER INFORMATION CONCERNING THE UNDERLYING

- (i) Name of underlying index: [U.K. Retail Prices Index (RPI) (all items) published by the Office for National Statistics] / [U.K. Consumer Prices Index (CPI) (all items) published by the Office for National Statistics / U.K. Consumer Prices Index including Owner Occupiers' Housing

costs and Council Tax (CPIH) (all items) published by the Office for National Statistics]

(ii) Information about the Index, its volatility and past and future performance can be obtained from: Information on [RPI/CPI/CPIH] can be found at [www.statistics.gov.uk / www.ons.gov.uk]

## 7 OPERATIONAL INFORMATION

ISIN:	[•]
FISN:	[Not Applicable/[•]]
CFI Code:	[Not Applicable/[•]]
Common Code:	[•]
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking S.A. and the identification number(s):	[Not Applicable/[•]]
Delivery:	Delivery [against/free of] payment
Names and addresses of initial MTN Paying Agent(s):	[•]
Names and addresses of additional MTN Paying Agent(s) (if any):	[•]
[Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]  [No. Whilst the designation is specified as “no” at the date of this Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]
If syndicated, names of Managers:	[•]
If non-syndicated, name of Dealer:	[•]
Stabilisation Manager(s) if any:	[Not Applicable/[•]]

## 8 U.S. SELLING RESTRICTIONS

U.S Selling Restrictions:

[Reg. S Compliance Category 2; TEFRA C /  
TEFRA D / TEFRA not applicable]

## FORM OF PRICING SUPPLEMENT FOR PSM NOTES

*The Pricing Supplement in respect of each Tranche of PSM Notes issued under the Programme which is listed on the official list of the U.K. Listing Authority and admitted to trading on the London Stock Exchange's professional securities market will be in the following form, duly completed to reflect the particular terms of the relevant Notes and their issue.*

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC, AS AMENDED FOR THE ISSUE OF THE NOTES DESCRIBED BELOW. THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THIS PRICING SUPPLEMENT.

**PROHIBITION OF SALES TO EEA INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MIFID II PRODUCT GOVERNANCE** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.

**Pricing Supplement dated [●]**

**QUADGAS FINANCE PLC**

**Legal entity identifier (LEI): [●]**

**guaranteed upon issue by**

**QUADGAS MIDCO LIMITED AND QUADGAS PLEDGECO LIMITED**

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]  
under the £5,000,000,000 Secured Debt Issuance Programme

### **PART A – CONTRACTUAL TERMS**

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the MTN Notes set forth in the Listing Particulars dated [●] 2018 which [together with the supplementary listing particulars dated [●] 2018] constitutes listing particulars for the purposes of Listing

Rule 2.2.11 of the Listing Rules of the Financial Conduct Authority (the “**Listing Rules**”). This document constitutes the Pricing Supplement of the Notes described herein for the purposes of Listing Rule 4.2.3 of the Listing Rules and must be read in conjunction with such Listing Particulars [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Listing Particulars [as so supplemented]. The Listing Particulars [and the supplementary listing particulars] [is] [are] available for viewing at and copies may be obtained from, the registered address of the Issuer at Ashbrook Court Prologis Park, Central Boulevard, Coventry, United Kingdom, CV7 8PE and the office of the MTN Issuing and Paying Agent at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR and [has/have] been published on the website of Regulatory News Services operated by [the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

*The following alternative language applies if the first tranche of an issue which is being increased was issued under Listing Particulars with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) contained in the Note Trust Deed dated [*issue date of original Notes*] a copy of which is set forth in the Listing Particulars dated [*original date*] and incorporated by reference into the Listing Particulars dated [*date of current prospectus*] and which are attached hereto. This document constitutes the Pricing Supplement of the Notes described herein for the purposes of Listing Rule 4.2.3 of the Listing Rules of the Financial Conduct Authority and must be read in conjunction with the Listing Particulars dated [*date of current prospectus*] [and the supplementary listing particulars dated [●]], which [together] constitute[s] listing particulars for the purposes of Listing Rule 2.2.11 of the Listing Rules. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of the Listing Particulars dated [*current date*] [and the supplementary listing particulars dated [●] and [●]] and this Pricing Supplement. [The Listing Particulars [and the supplementary listing particulars] [is/are] available for viewing at and copies may be obtained from, the registered address of the Issuer at Ashbrook Court Prologis Park, Central Boulevard, Coventry, United Kingdom, CV7 8PE and the office of the MTN Issuing and Paying Agent at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR and [has/have] been published on the website of Regulatory News Services operated by [the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

1	(i) Issuer:	Quadgas Finance plc
	(ii) Guarantors:	Quadgas MidCo Limited and Quadgas PledgeCo Limited
2	[(i)] Series Number:	[●]
	[(ii)] Tranche Number:	[●]
	[(iii)] Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [ <i>insert description of the Series</i> ] on [ <i>insert date</i> /the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 25 below [which is expected to occur on or about [ <i>insert date</i> ]].]
3	Specified Currency or Currencies:	[●]
4	Aggregate Principal Amount:	[●]
	[(i)] Series:	[●]
	[(ii)] Tranche:	[●]
5	Issue Price:	[●] per cent. of the Aggregate Principal Amount [plus accrued interest from [●]]

6	Specified Denomination(s):	[•]
7	Calculation Amount:	[•]
8	[(i)] Issue Date:	[•]
	[(ii)] Interest Commencement Date:	[•]
9	Maturity Date:	[•][Interest Payment Date falling in or nearest to [•]]
10	Interest Basis:	[[•] per cent. Fixed Rate] [[LIBOR][EURIBOR] +/- [•] per cent. Floating Rate] [Index Linked Interest] (See paragraph [15/16/17] below)
11	Redemption/Payment Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [•] per cent. of their principal amount] [Index Linked Redemption]
12	Change of Interest or Redemption/Payment Basis:	[[•]/[Not Applicable]]
13	Put/Call Options:	[Investor Put] [Issuer Call][Make-whole] (See paragraph [18/19/20/21/22] below)
14	Date [Board] approval for issuance of Notes [and the Guarantee] obtained:	[•]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15	<b>Fixed Rate Note Provisions</b>	[Applicable/Not Applicable]
	(i) Rate[(s)] of Interest:	[•] per cent. per annum [payable [annually/semi- annually/quarterly/monthly] in arrear]
	(ii) Interest Payment Date(s):	[•] in each year commencing on [•] and ending on [•]
	(iii) Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv) Broken Amount(s):	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
	(v) Day Count Fraction (Condition 4.3.5):	[30/360 / Actual/Actual [(ICMA)/ISDA]] / Actual/365 (Fixed) / Actual/360 / 30E/360 / 360/360 / Bond Basis / 30E/360 (ISDA) / Eurobond Basis]
	(vi) Determination Dates (Condition 4.3.5):	[•] in each year
16	<b>Floating Rate Note Provisions</b>	[Applicable/Not Applicable]
	(i) Interest Period(s):	[•], subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
	(ii) Specified Interest Payment	[•], subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not

- Dates: subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
- (iii) Interest Period Date: [Not Applicable]/[[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
- (iv) First Interest Payment Date: [Not Applicable]/ [●] [in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
- (v) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] [Not Applicable]
- (vi) Business Centre(s) (Condition 4.3.5): [●]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Interest Period Date(s): [Not Applicable/[●]]
- (ix) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the MTN Calculation Agent): [●]
- (x) Screen Rate Determination (Condition 4.2.3(B)): [Applicable/Not Applicable]
- Relevant Time: [●]
  - Interest Determination Date(s): [●] [[TARGET] Business Days in [●] for [●] prior to [●]]  
[Second London business day prior to the start of each Interest Accrual Period]  
[First day of each Interest Accrual Period]  
[Second day on which the TARGET 2 System is open prior to the start of each Interest Accrual Period]
  - Primary Source for Floating Rate: [●]
  - Reference Banks (if Primary Source is “Reference Banks”): [●]
  - Relevant Financial Centre: [●]
  - Benchmark: [LIBOR/ EURIBOR]
  - Representative Amount: [●]
  - Effective Date: [●]
  - Specified Duration: [●]

(xi)	ISDA Determination (Condition 4.2.3(A)):	[Applicable/Not Applicable]
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
(xii)	Linear Interpolation (Condition 4.2.3I):	[Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation ( <i>specify for each short or long interest period</i> )]
(xiii)	Margin(s):	[[+/-][●] per cent. per annum] [Not Applicable]
(xiv)	Minimum Rate of Interest:	[●] per cent. per annum [Not Applicable]
(xv)	Maximum Rate of Interest:	[●] per cent. per annum [Not Applicable]
(xvi)	Day Count Fraction (Condition 4.3.5):	[30/360 / Actual/Actual ([ICMA]/ISDA) / Actual/365 (Fixed) / Actual/360 / 30E/360 / 360/360 / Bond Basis / 30E/360 (ISDA) / Eurobond Basis / 30E/360 (ISDA)]
17	<b>Index Linked Interest Note</b>	[Applicable/Not Applicable]
(i)	Index:	[RPI/CPI/CPIH]
(ii)	Rate of Interest:	[●] per cent. [payable [annually/semi-annually/quarterly/monthly] in arrear]
(iii)	Party responsible for calculating the Rate(s) of Interest, Interest Amount and Redemption Amount(s) (if not the MTN Calculation Agent):	[[●] / Not Applicable]
(iv)	Specified Interest Payment Dates:	[●]
(v)	First Interest Payment Date:	[●]
(vi)	Interest Period(s):	[●]
(vii)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(viii)	Minimum Indexation Factor:	[Not Applicable/[●]]
(ix)	Business Centre(s) (Condition 4.3.5):	[●]
(x)	Maximum Indexation Factor:	[Not Applicable/[●]]
(xi)	Limited Indexation Month(s) or Period for calculation of Limited Indexation Factor:	[●] per cent. per annum
(xii)	Base Index Figure (Condition 5.1):	[●]
(xiii)	Day Count Fraction (Condition	[30/360 / Actual/Actual ([ICMA]/ISDA) / Actual/365

4.3.5):	(Fixed) / Actual/360 / 30E/360 / 360/360 / Bond Basis / 30E/360 (ISDA) / Eurobond Basis / 30E/360 (ISDA)]
(xiv) "Index Figure" (Condition 5.1):	Paragraph [(i)/(ii)/(iii)] of the definition of the relevant "Index" as set out in Condition 5.1 shall apply
(xv) Reference Gilt:	[[●]/ Not Applicable]

#### PROVISIONS RELATING TO REDEMPTION

18	<b>Residual Holding Call Option</b>	[Applicable/Not Applicable]
	(i) Residual Holding Percentage:	[●] per cent.
	(ii) Party responsible for calculating the Residual Holding Redemption Amount (if not the MTN Calculation Agent):	[●]
	(iii) Benchmark Security:	[●]
	(iv) Benchmark Spread:	[●] per cent. per annum
	(v) Benchmark Day Count Fraction:	[●]
19	<b>Call Option</b>	[Applicable/Not Applicable]
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note:	[[●] per Calculation Amount]
	(iii) If redeemable in part:	
	(a) Minimum principal amount to be redeemed:	[●]
	(b) Maximum principal amount to be redeemed:	[●]
	(iv) Option Exercise Date(s):	[●]
	(v) Notice periods (Condition 6.5.2):	Minimum Period: [15]/[●] days Maximum Period: [30]/[●] days
20	<b>Make-whole Redemption Option</b>	[Applicable/Not Applicable]
	(i) Make-whole Redemption Date(s):	[●]
	(a) Reference Bond:	[●]
	(b) Quotation Time:	[●]
	(c) Redemption Margin:	[[●] per cent.][None]
	(d) Determination Date:	[●]
	(ii) If redeemable in part:	
	(a) Minimum principal amount to be redeemed:	[●]
	(b) Maximum principal amount to be redeemed:	[●]
	(iii) Notice periods (Condition 6.5.3):	Minimum Period: [15]/[●] days

21	<b>Optional Put Option</b>	Maximum Period: [30]/[●] days [Applicable/Not Applicable]
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount
	(iii) Option Exercise Date(s):	[●]
	(iv) Notice periods (Condition 6.6):	Minimum Period: [15]/[●] days Maximum Period: [30]/[●] days
	(v) Option Period:	[●]
22	<b>Final Redemption Amount of each Note</b>	[[●] per Calculation Amount]
	In cases where the Final Redemption Amount is Index-Linked:	
	(i) Index:	[RPI/CPI/CPIH]
	(ii) Party responsible for calculating the Final Redemption Amount (if not the MTN Calculation Agent):	[[●] / Not Applicable]
	(iii) Determination Date(s):	[●]
	(iv) Payment Date:	[●]
	(v) Minimum Final Redemption Amount:	[●] per Calculation Amount
	(vi) Maximum Final Redemption Amount:	[●] per Calculation Amount
	(vii) Notice Periods (Condition 5.6):	Minimum Period: [30]/[●] days Maximum Period: [60]/[●] days
23	<b>Early Redemption Amount</b>	
	(i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 6.2) or on Event of Default (Condition 10):	[●] per Calculation Amount
	(ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 6.2):	[Yes/No]
	(iii) Notice Periods (Condition 6.2):	Minimum Period: [30]/[●] days Maximum Period: [45]/[●] days

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

24	Form of Notes	[Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for
----	---------------	--

		Definitive Notes on 40 days' notice]
		[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
25	New Global Note:	[No/Yes]
26	Financial Centre(s) or other special provisions relating to Payment Dates (Condition 7.6):	[Not Applicable/[●]]
27	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

**THIRD PARTY INFORMATION**

[[●] has been extracted from [●]. The Issuer and the Guarantors confirm that such information has been accurately reproduced and that, so far as they are aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

Signed on behalf of Quadgas MidCo Limited:

By: .....  
Duly authorised

Signed on behalf of Quadgas PledgeCo Limited:

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 9 LISTING AND TRADING

- (i) Listing: The Official List
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the London Stock Exchange's professional securities market with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's professional securities market with effect from [●].]
- (iii) Estimate of total expenses related to admission to trading: [●]

### 10 RATINGS

- Ratings: The Notes to be issued [have [not ]been][are expected to be] rated[:
- [S&P: [●]]
- [Moody's: [●]]
- [Fitch: [●]]

### 11 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

### 12 [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i)] Reasons for the offer: [●]
- [(ii)] Estimated net proceeds: [●]
- [(iii)] Estimated total expenses: [●]

### 13 [Fixed Rate Notes only – YIELD

- Indication of yield: Calculated as [●] on the Issue Date. The yield is calculated on the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 14 [Index Linked Notes only – PERFORMANCE OF INDEX AND OTHER INFORMATION CONCERNING THE UNDERLYING

(i) Name of underlying index: [U.K. Retail Prices Index (RPI) (all items) published by the Office for National Statistics] / [U.K. Consumer Prices Index (CPI) (all items) published by the Office for National Statistics / U.K. Consumer Prices Index including Owner Occupiers' Housing costs and Council Tax (CPIH) (all items) published by the Office for National Statistics]

(ii) Information about the Index, its volatility and past and future performance can be obtained from: Information on [RPI/CPI/CPIH] can be found at [www.statistics.gov.uk / www.ons.gov.uk]

## 15 OPERATIONAL INFORMATION

ISIN:	[•]
FISN:	[Not Applicable/[•]]
CFI Code:	[Not Applicable/[•]]
Common Code:	[•]
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking S.A. and the identification number(s):	[Not Applicable/[•]]
Delivery:	Delivery [against/free of] payment
Names and addresses of initial MTN Paying Agent(s):	[•]
Names and addresses of additional MTN Paying Agent(s) (if any):	[•]
[Intended to be held in a manner which would allow Eurosystem eligibility:	<p>[Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/</p> <p>[No. Whilst the designation is specified as “no” at the date of this Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]</p>
If syndicated, names of Managers:	[•]

If non-syndicated, name of Dealer:

[•]

Stabilisation Manager(s) if any:

[Not Applicable/[•]]

## 16 U.S. SELLING RESTRICTIONS

U.S Selling Restrictions:

[Reg. S Compliance Category 2; TEFRA C /  
TEFRA D / TEFRA not applicable]

## FORM OF PRICING SUPPLEMENT FOR THE US PP NOTES

*The Pricing Supplement in respect of each Tranche of US PP Notes issued under the Programme which is listed on the official list of the U.K. Listing Authority and admitted to trading on the London Stock Exchange's professional securities market will be in the following form, duly completed to reflect the particular terms of the relevant Notes and their issue.*

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC, AS AMENDED FOR THE ISSUE OF THE NOTES DESCRIBED BELOW. THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THIS PRICING SUPPLEMENT.

**PROHIBITION OF SALES TO EEA INVESTORS** - The Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MIFID II PRODUCT GOVERNANCE** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

**Pricing Supplement dated [●]**

**QUADGAS FINANCE PLC**

**Legal entity identifier (LEI): [●]**

guaranteed upon issue by

**QUADGAS MIDCO LIMITED AND QUADGAS PLEDGECO LIMITED**

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]  
under the £5,000,000,000 Secured Debt Issuance Programme

### **PART A – CONTRACTUAL TERMS**

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the US PP Notes set forth in the Listing Particulars dated [●] which [together with the supplementary listing particulars dated [●]] constitutes listing particulars for the purposes of Listing Rule 2.2.11 of the Listing Rules of the Financial Conduct Authority (the "**Listing Rules**"). This document constitutes the

Pricing Supplement of the Notes described herein for the purposes of Listing Rule 4.2.3 of the Listing Rules and must be read in conjunction with such Listing Particulars [as so supplemented]. Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Listing Particulars [as so supplemented]. The Listing Particulars [and the supplementary listing particulars] [is] [are] available for viewing at and copies may be obtained from, the registered address of the Issuer at Ashbrook Court Prologis Park, Central Boulevard, Coventry, United Kingdom, CV7 8PE and [has/have] been published on the website of Regulatory News Services operated by the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

*The following alternative language applies if the first tranche of an issue which is being increased was issued under Listing Particulars with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) contained in the Note Purchase Agreement dated [*date of original Note Purchase Agreement*] a copy of which is set forth in the Listing Particulars dated [*original date*] and incorporated by reference into the Listing Particulars dated [*date of current prospectus*] and which are attached hereto. This document constitutes the Pricing Supplement of the Notes described herein for the purposes of Listing Rule 4.2.3 of the Listing Rules of the Financial Conduct Authority and must be read in conjunction with the Listing Particulars dated [*date of current prospectus*] [and the supplementary listing particulars dated [●]], which [together] constitute[s] listing particulars for the purposes of Listing Rule 2.2.11 of the Listing Rules. Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of the Listing Particulars dated [*current date*] [and the supplementary listing particulars dated [●] and [●]] and this Pricing Supplement. [The Listing Particulars [and the supplementary listing particulars] [is/are] available for viewing at and copies may be obtained from, the registered address of the Issuer at Ashbrook Court Prologis Park, Central Boulevard, Coventry, United Kingdom, CV7 8PE and [has/have] been published on the website of Regulatory News Services operated by the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

1	(i) Issuer:	Quadgas Finance plc
	(ii) Guarantors:	Quadgas MidCo Limited and Quadgas PledgeCo Limited
2	[(i)] Series Number:	[●]
	[(ii)] Tranche Number:	[●]
	[(iii)] Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [ <i>insert description of the Series</i> ] on [ <i>insert date/the Issue Date</i> ].]
3	Specified Currency or Currencies:	[●]
4	Aggregate Principal Amount:	[●]
	[(i)] Series:	[●]
	[(ii)] Tranche:	[●]
5	Specified Denomination(s):	[to be minimum of £1,000,000 and in integral multiples of £100,000 aforesaid minimum denomination]
6	[(i)] Issue Date:	[●]
	[(ii)] Interest Commencement Date:	[●]

7	Maturity Date:	[●][Interest Payment Date falling in or nearest to [●]]
8	Interest Basis:	[Fixed Rate] [Floating Rate] [Index Linked Interest] (See paragraph [15/16/17] below)
9	Redemption/Payment Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●] per cent. of their principal amount] [Index Linked Redemption]
10	Change of Interest or Redemption/Payment Basis:	[[●]/[Not Applicable]]
11	Date [Board] approval for issuance of Notes [and the Guarantee] obtained:	[●]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

12	<b>Fixed Rate Note Provisions</b>	[Applicable/Not Applicable]
	(i) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii) Interest Payment Date(s):	[●] in each year commencing on [●] and ending on [●]
13	<b>Floating Rate Note Provisions</b>	[Applicable/Not Applicable]
	(i) Interest Payment Dates:	[●] in each year commencing on [●] and ending on [●]
	(ii) Linear Interpolation:	[Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation ( <i>specify for each short or long interest period</i> )]
	(iii) Margin(s):	[[+/-][●] per cent. per annum] [Not Applicable]
14	<b>Index Linked Interest Note</b>	[Applicable/Not Applicable]
	(i) Index:	[RPI/CPI/CPIH]
	(ii) Rate of Interest:	[●] per cent. [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(iii) Interest Payment Dates:	[●] in each year commencing on [●] and ending on [●]
	(iv) Base Index Figure:	[●] (subject to Condition 4.2.1 ( <i>Change in Base</i> ))
	(v) “Index Figure”:	Sub-paragraph [(i)/(ii)/(iii)] of the definition of the relevant “Index” as set out in Condition 16 shall apply
	(vi) Reference Gilt:	[[●]/ Not Applicable]
	(vii) Party responsible for calculating the Rate of Interest:	[●]/[Calculation Agent]

**THIRD PARTY INFORMATION**

[[●] has been extracted from [●]. The Issuer and the Guarantors confirm that such information has been accurately reproduced and that, so far as they are aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....

Duly authorised

Signed on behalf of Quadgas MidCo Limited:

By: .....

Duly authorised

Signed on behalf of Quadgas PledgeCo Limited:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

### 1 LISTING AND TRADING

- (i) Listing: The Official List
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange’s professional securities market with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange’s professional securities market with effect from [●].]
- (iii) Estimate of total expenses related to admission to trading: [●]

### 2 RATINGS

- Ratings: The Notes to be issued [have [not ]been][are expected to be] rated[:
- [S&P: [●]]
- [Moody’s: [●]]
- [Fitch: [●]]

### 3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

### 4 [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i)] Reasons for the offer: [●]
- [(ii)] Estimated net proceeds: [●]
- [(iii)] Estimated total expenses: [●]

### 5 [Fixed Rate Notes only – YIELD

- Indication of yield: Calculated as [●] on the Issue Date. The yield is calculated on the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 6 [Index Linked Notes only – PERFORMANCE OF INDEX AND OTHER INFORMATION CONCERNING THE UNDERLYING

- (i) Name of underlying index: [U.K. Retail Prices Index (RPI) (all items) published by the Office for National Statistics] / [U.K. Consumer Prices Index (CPI) (all items) published by the Office for National Statistics / U.K. Consumer Prices Index including Owner Occupiers' Housing costs and Council Tax (CPIH) (all items) published by the Office for National Statistics]
- (ii) Information about the Index, its volatility and past and future performance can be obtained from: Information on [RPI/CPI/CPIH] can be found at [[www.statistics.gov.uk](http://www.statistics.gov.uk) / [www.ons.gov.uk](http://www.ons.gov.uk)]

## 7 OPERATIONAL INFORMATION

- ISIN: [●]
- FISN: [●]
- CFI Code: [●]
- Common Code: [●]
- Delivery: Delivery [against/free of] payment
- Names and addresses of initial US PP Paying Agent(s): [●]
- Names and addresses of additional US PP Paying Agent(s) (if any): [●]

## 8 U.S. SELLING RESTRICTIONS

- U.S Selling Restrictions: Reg. S Compliance Category 2; Section 4(a)(2) of the Securities Act

## GENERAL INFORMATION

- (1) The admission of the Programme to listing on the Official List and to trading on the Market and the PSM is expected to take effect on or about 21 December 2018. The listing of the Notes on the Official List will be expressed as a percentage of their principal amount (exclusive of accrued interest). Any Tranche of Notes intended to be admitted to listing on the Official List and admitted to trading on the Market or the PSM will be so admitted to listing and trading upon submission to the U.K. Listing Authority and the London Stock Exchange (in accordance with their rules and procedures) of the relevant Final Terms and any other information required by the U.K. Listing Authority and the London Stock Exchange, subject in each case to the issue of the relevant Notes. Prior to official listing, dealings will be permitted by the Market or the PSM, as the case may be, in accordance with their respective rules. Transactions will normally be effected for delivery on the third working day in London after the day of the transaction.
- (2) Each of the Issuer and the Guarantors has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the issue and performance of the Notes and the Guarantee.
- (3) The Issuer's legal entity identifier code is 549300VISZ55A4JZIN65.
- (4) The establishment and update of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 29 November 2018.
- (5) The giving of the Guarantee was authorised by resolutions of the Boards of Directors of each of the Guarantors passed on 29 November 2018. MTN Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the relevant Final Terms relating thereto. The relevant Final Terms shall specify any other clearing system(s) as shall have accepted the relevant Notes for clearance together with any further appropriate information. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg.
- (6) There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantors are aware) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past a significant effect on the financial position or profitability of the Guarantors, the Issuer or any of the Guarantors' other subsidiaries (together, the "**Group**").
- (7) There has been no significant change in the financial or trading position of the Issuer and Quadgas MidCo Limited since 30 September 2018. There has been no significant change in the financial or trading position of Quadgas PledgeCo Limited or the Group since 31 March 2018.
- (8) There has been no material adverse change in the prospects of the Issuer, the Guarantors or the Group since 31 March 2018.
- (9) Until 25 September 2017, PricewaterhouseCoopers LLP were the auditors of the Issuer and the Guarantors. From 26 September 2017, the auditors of the Issuer and Guarantors are Deloitte LLP.
- (10) Each MTN Note, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (11) For a period of 12 months following the date of this Prospectus, copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the offices of The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL:

- (i) a copy of this Prospectus with any supplement to this Prospectus or further Prospectus;
- (ii) the Memorandum and Articles of Association of the Issuer and the Guarantors;
- (iii) the Note Trust Deed;
- (iv) the MTN Agency Agreement;
- (v) the US PP Agency Agreement; and
- (vi) the Security Agreement.

In addition, this Prospectus is and, in the case of Notes to be admitted to the Official List and admitted to trading on the Market or the PSM, the relevant Final Terms will be, available on the website of the Regulatory News Service operated by [the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

- (12) The Issuer does not intend to provide any post-issuance information in relation to either the Notes or the Security.
- (13) Some of the Dealers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantors or their respective affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantors and/or their respective affiliates. Certain of the Dealers or their respective affiliates that have a lending relationship with the Issuer and/or the Guarantors routinely hedge their credit exposure to the Issuer and/or the Guarantors, as applicable, consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the relevant entity's securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## INDEX OF DEFINED TERMS

£	has the meaning given to that term in the section “ <i>Important Notices</i> ”;
€	has the meaning given to that term in the section “ <i>Important Notices</i> ”;
30/360	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
360/360	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
30E/360	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
30E/360 (ISDA)	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
Acceleration	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
Acceleration of Liabilities	acceleration of any Secured Liabilities or termination of a commitment (or equivalent action) including: <ul style="list-style-type: none"><li>(a) early termination of any hedging obligations (whether by reason of an Event of Default, termination event or other right of early termination) under a Hedging Agreement; or</li><li>(b) the taking of any other steps to recover any payment due in respect of any Secured Liabilities, which have matured for repayment and are overdue, by a Secured Creditor or Secured Creditors pursuant to the terms of the applicable Finance Document and in accordance with the STID;</li></ul>
Accession Memorandum	(a) each of the following memoranda to be entered into pursuant to clause 2 (Accession) or clause 24 (Benefit of Deed) (as applicable) of the STID: <ul style="list-style-type: none"><li>(i) in respect of each Additional Secured Creditor, which is substantially in the form set out in Part 1 (<i>Form of Accession Memorandum (Additional Secured Creditor)</i>) of Schedule 1 (<i>Form of Accession Memorandum</i>) to the STID;</li><li>(ii) in respect of each New Secured Creditor, which is substantially in the form set out in Part 2 (<i>Form of Accession Memorandum (Existing Secured Liabilities)</i>) of Schedule 1 (<i>Form of Accession Memorandum</i>) to the STID;</li><li>(iii) in respect of each New Obligor, which is substantially in the form set out in Part 3 (<i>Form of Accession Memorandum (Additional Obligors)</i>) of Schedule 1 (<i>Form of Accession Memorandum</i>) to the STID;</li><li>(iv) in respect of each Subordinated Creditor, which is substantially in the form set out in Part 4 (<i>Form</i></li></ul>

	<p><i>of Accession Memorandum (New Subordinated Creditor)</i> of Schedule 1 (<i>Form of Accession Memorandum</i>) to the STID;</p> <p>(v) in respect of OpCo, which is substantially in the form set out in Part 5 (<i>Form of Accession Memorandum (GasD OpCo)</i>) of Schedule 1 (<i>Form of Accession Memorandum</i>) to the STID;</p> <p>(vi) in respect of a Standstill Cash Manager, which is substantially in the form set out in Part 6 (<i>Form of Accession Memorandum (Standstill Cash Manager)</i>) of Schedule 1 (<i>Form of Accession Memorandum</i>) to the STID;</p> <p>(b) with respect to the Note Trust Deed, a memorandum in substantially the form set out in the relevant schedule to the Note Trust Deed pursuant to which a Guarantor accedes to the Note Trust Deed;</p> <p>(c) with respect to the MTN Agency Agreement, a memorandum in substantially the form set out in the relevant schedule to the MTN Agency Agreement pursuant to which a Guarantor accedes to the MTN Agency Agreement; or</p> <p>(d) with respect to the Tax Deed of Covenant, a memorandum in substantially the form set out in the relevant schedule to the Tax Deed of Covenant pursuant to which a Permitted Subsidiary accedes to the Tax Deed of Covenant;</p>
<b>Account Bank Agreements</b>	<p>(a) the Initial Account Bank Agreement; and</p> <p>(b) any other account bank agreement entered into by an Obligor from time to time in accordance with the Finance Documents (including, without limitation, paragraph 1 (<i>MidCo Group Accounts</i>) of Schedule 6 (<i>Cash Management</i>) to the CTA;</p>
<b>Accounts</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Common Terms Agreement – Cash Management – Accounts</i> ”;
<b>Acquisition Agreement</b>	an agreement between NGHO and the purchaser(s) named therein relating to the subscription of shares in HoldCo and the acquisition by MidCo of OpCo and PropCo signed on or around 31 March 2017;
<b>Actual/360</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Actual/365 (Fixed)</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Actual/Actual</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Actual/Actual-ICMA</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Actual/Actual-ISDA</b>	has the meaning given to that term in Condition 4.3.5

	( <i>Definitions</i> ) of the MTN Notes;
<b>Additional Equity</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Common Terms Agreement – Equity Cure Right</i> ”;
<b>Additional Indebtedness Test</b>	in respect of raising additional Financial Indebtedness: <ul style="list-style-type: none"> <li>(a) the MidCo RAR for each Relevant Period calculated by reference to the then most recently occurring Calculation Date, taking into account the proposed additional indebtedness, must not be more than 0.85:1; and</li> <li>(b) the Adjusted ICR for each Relevant Period calculated by reference to the then most recently occurring Calculation Date, taking into account the proposed additional indebtedness, must not be less than 1.1:1.0;</li> </ul>
<b>Additional Payments</b>	has the meaning given to that term in Condition 5.3 ( <i>Prepayment for Tax Reasons</i> ) of the US PP Notes;
<b>Additional Secured Creditor</b>	any person which becomes a Secured Creditor (whether on their own behalf and/or as a representative of others) pursuant to clause 2 ( <i>Accession</i> ) of the STID. No Additional Subordinated Creditor shall be an Additional Secured Creditor or a Secured Creditor;
<b>Adjusted ICR</b>	in respect of a Relevant Period, the ratio of Net Cash Flow less Regulatory Depreciation to Net Interest Service in respect of that Relevant Period;
<b>Adjusted LIBOR Rate</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>adversely</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – Entrenched Rights – Entrenched Rights of Secured Creditors</i> ”;
<b>Affected DSR Liquidity Facility Provider</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Additional Resources Available – DSR Liquidity Facilities – Requisite Rating</i> ”;
<b>Affected Noteholder</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Affected Notes</b>	has the meaning given to that term in Condition 5.4 ( <i>Illegality Prepayment Event</i> ) of the US PP Notes;
<b>Affected Secured Creditors</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – Modifications, Consents and Waivers – STID Proposal</i> ”;
<b>Alternative Clearing System</b>	has the meaning given to that term in the section “ <i>Overview of Provisions Relating to the Notes while in Global Form – Relationship of Account Holders with Clearing Systems</i> ”;
<b>Affiliate</b>	in relation to the US PP Notes, has the meaning given to that term in the relevant Note Purchase Agreement;
<b>Ancillary Documents</b>	the valuations, reports, legal opinions, tax opinions, and the like addressed to or given for the benefit of the Security

	Trustee, any Obligor or any Secured Creditor in respect of the Security;
<b>Anti-Corruption Laws</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Anti-Money Laundering Laws</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>APP Loan</b>	a loan guaranteed by Advanced Plasma Power Limited from PropCo to Go Green Fuels Limited in an amount not exceeding £6.3 million (plus any accrued and/or deferred interest thereon);
<b>Applicable Accounting Principles</b>	for the purpose of the Finance Documents, International Financial Reporting Standards (IFRS) or generally accepted accounting principles in the United Kingdom that are applied as if frozen as at 31 March 2016;
<b>Applicable Maturity</b>	has the meaning given to that term in Condition 4.2.3 ( <i>Rate of Interest for Floating Rate Notes</i> ) of the MTN Notes;
<b>Applicable Percentage</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Appointed Business</b>	the activities of OpCo connected with the development, administration, maintenance and operation of the transportation system to which the Licence relates and with the supply of transportation services;
<b>Approved Regulatory Depreciation</b>	in relation to any date or any period, depreciation allowed by the Regulator in any Periodic Review in respect of assets comprising OpCo's RAV;
<b>Approved Transferee</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Arranger</b>	National Westminster Bank Plc
<b>Auditors</b>	the auditors of each member of the MidCo Group from time to time;
<b>Authorised Credit Facility</b>	any facility or agreement or deed entered into by MidCo or the Issuer in respect of Secured Debt as permitted by the terms of the CTA, the providers of which are (or, in the case of the MTN Noteholders, the Note Trustee on their behalf is) a party to, or have acceded to, the STID and the CTA, and includes, without limitation, any DSR Liquidity Facilities, any Institutional Debt agreements, any Note Purchase Agreement, the MidCo Hedging Agreements, the Notes and any other document entered into in connection with the foregoing facilities or agreements or the transactions contemplated in the foregoing facilities or agreements (excluding, however, the Dealer Agreement and the Common Documents) and " <b>Authorised Credit Facilities</b> " shall be construed accordingly;
<b>Authorised Credit Facility Agent</b>	any facility agent under any Authorised Credit Facility;
<b>Authorised Credit Facility Provider</b>	a lender or other provider of credit or financial accommodation under any Authorised Credit Facility;
<b>Authorised Investments</b>	has the meaning given to that term in the section "Overview

*of the Financing Agreements – Common Terms Agreement  
– Cash Management – Authorised Investments”*

<b>Authorised Signatory</b>	any person who is duly authorised by any Obligor or any party to the Master Definitions Agreement (such authorisation not having been withdrawn by notice in writing at the relevant time) and in respect of whom a certificate has been provided signed by a director of that Obligor or such party setting out the name and signature of that person and confirming such person's authority to act;
<b>Base Currency</b>	pounds sterling;
<b>Base Index Figure</b>	has the meaning given to that term in Condition 5.1 ( <i>Definitions</i> ) of the MTN Notes;
<b>Base Prospectus</b>	has the meaning given to that term in the section “ <i>Important Notices</i> ”;
<b>Benchmark</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Blocking Law</b>	(i) any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the European Union or the United Kingdom); or  (ii) section 7 of the German Foreign Trade Regulation (Außenwirtschaftsverordnung);
<b>Bond Basis</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Business</b>	the Appointed Business and the Permitted Non-Appointed Business;
<b>Business Day</b>	(x) in relation to the MTN Notes, has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes; and (y) in relation to the US PP Notes, has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Cadent</b>	Cadent Gas Limited;
<b>Calculation Agency Agreement</b>	in relation to the Notes of any Tranche, an agreement in or substantially in the form the relevant Schedule ( <i>Form of Calculation Agency Agreement</i> ) to the MTN Agency Agreement;
<b>Calculation Amount</b>	(x) in relation to the MTN Notes, has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes; and (y) in relation to the US PP Notes, has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Calculation Date</b>	(other than for the purposes of the Conditions of the MTN Notes and the US PP Notes and other than in any Hedging Agreement, where “Calculation Date” has the meaning given to it in the Conditions of the MTN Notes or the US PP Notes, as applicable, or the Hedging Agreement as applicable), 31 March and 30 September in each year or any other

	calculation date agreed as a result of a change in the financial year end date of any Obligor. The first Calculation Date will be 30 September 2017 unless the Closing Date occurs less than four months prior to 30 September 2017, in which case the first Calculation Date will be 31 March 2018;
<b>calculation month</b>	has the meaning given to that term in Condition 5.3 ( <i>Changes in Circumstances Affecting the Index</i> ) of the MTN Notes;
<b>Calculation Period</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Called Principal</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Capital Expenditure</b>	any capital expenditure made by OpCo (net of any associated non-refundable grants and contributions received) incurred (or, in respect of any future period, forecast to be incurred) relating to increases in capacity or enhancement of service levels, quality or security of supply without taking account of expenditure relating to Replacement Expenditure;
<b>Cash</b>	<p>at any time, cash denominated in sterling, euro, U.S. dollars or any other major international currency in hand or at bank and (in the latter case) credited to a bank account in the name of a member of the Relevant Group and to which a member of the Relevant Group is alone (or together with other members of the Relevant Group) beneficially entitled and for so long as:</p> <ul style="list-style-type: none"> <li>(a) that cash is repayable on demand;</li> <li>(b) repayment of that cash is not contingent on the prior discharge of any other Financial Indebtedness of any member of the Relevant Group or of any other person whatsoever or on the satisfaction of any other condition;</li> <li>(c) there is no Security Interest over that cash except: (i) comprising a netting or set-off arrangement (including under any Hedging Agreement) entered into by members of the Relevant Group in the ordinary course of their banking arrangements; or (ii) the Security;</li> <li>(d) the cash is freely available to be applied in payment of Secured Debt; and</li> <li>(e) the cash has not accrued as a result of, nor is attributable to, an Overpayment;</li> </ul>
<b>Cash Manager</b>	has the meaning given to that term in the section " <i>Overview of the Programme – Cash Manager</i> "
<b>Certificate</b>	has the meaning given to that term on the cover page;
<b>CGNs</b>	has the meaning given to that term on the cover page;
<b>Change in Tax Law</b>	has the meaning given to that term in Condition 5.3 ( <i>Prepayment for Tax Reasons</i> ) of the US PP Notes;
<b>Change of Control</b>	<ul style="list-style-type: none"> <li>(a) PledgeCo ceases to hold legally and beneficially 100 per cent. of the issued share capital of MidCo; or</li> <li>(b) on and from the Closing Date, MidCo ceasing to hold (i)</li> </ul>

	legally and beneficially 100 per cent. of the issued share capital of OpCo or the Issuer or (ii) beneficially 100 per cent. of the issued share capital of FinCo;
<b>Chargor</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Agreement – Security</i> ”;
<b>Classic Global Notes</b>	has the meaning given to that term on the cover page;
<b>Clearstream, Luxembourg</b>	has the meaning given to that term on the cover page;
<b>Closing Date</b>	31 March 2017;
<b>Code</b>	has the meaning given to that term in the section “ <i>Overview of the Programme – Selling Restrictions</i> ” and (x) in relation to the MTN Notes, in Condition 8 ( <i>Taxation</i> ) of the MTN Notes; and (y) in relation to the US PP Notes, in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Common Depositary</b>	has the meaning given to that term on the cover page;
<b>Common Documents</b>	(a) the Security Documents; (b) the Common Terms Agreement; (c) the Tax Deed of Covenant; (d) each Account Bank Agreement; and (e) the Master Definitions Agreement;
<b>Common Safekeeper</b>	has the meaning given to that term on the cover page;
<b>Common Terms Agreement</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Common Terms Agreement – General</i> ”;
<b>Competition Authority</b>	the Competition and Markets Authority;
<b>Competitor</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Compliance Certificate</b>	means a certificate, substantially in the form of Schedule 8 ( <i>Form of Compliance Certificate</i> ) to the CTA in which MidCo, periodically, provides certain financial statements to the Security Trustee (and any Rating Agency on request) as required by the CTA;
<b>Connected Party</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – MTN Noteholder Voting</i> ”;
<b>Control</b>	has the meaning given to that term in Condition 16 of the US PP Notes;
<b>Controlled Entity</b>	has the meaning given to that term in Condition 16 of the US PP Notes;
<b>Converted Swapped Note Called Interest</b>	has the meaning given to that term in Condition 5.10 ( <i>Swap Breakage</i> ) of the US PP Notes;
<b>Converted Swapped Note Called Principal</b>	has the meaning given to that term in Condition 5.10 ( <i>Swap Breakage</i> ) of the US PP Notes;
<b>Coupons</b>	has the meaning given to that term in the Terms and Conditions of the MTN Notes;
<b>Couponholders</b>	has the meaning given to that term in the Terms and

	Conditions of the MTN Notes;
<b>Covenants</b>	the covenants set out in Schedule 2 ( <i>Covenants</i> ) to the CTA;
<b>CPI</b>	has the meaning given to that term in Condition 5.1 ( <i>Definitions</i> ) of the MTN Notes;
<b>CPI Index Figure</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>CPI Linked Notes</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>CPIH</b>	has the meaning given to that term in Condition 5.1 ( <i>Definitions</i> ) of the MTN Notes;
<b>CPIH Index Figure</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>CPIH Linked Notes</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>CRA Regulation</b>	has the meaning given to that term on the cover page;
<b>CTA</b>	the common terms agreement dated entered into on 21 March 2017 by (amongst others), the Obligors and the Security Trustee;
<b>Currency Hedging Agreement</b>	each Hedging Agreement with a Hedge Counterparty in respect of one or more Hedging Transactions to hedge against exposure to currency exchange rates;
<b>Current Assets</b>	the aggregate (on a consolidated basis) of all inventory, work in progress, trade and other receivables of each member of the Group including prepayments in relation to operating items and sundry debtors (but excluding Cash and Authorised Investments) maturing within twelve months from the date of computation but excluding amounts in respect of: <ul style="list-style-type: none"> <li>(a) receivables in relation to Tax;</li> <li>(b) Exceptional Items and other non-operating items;</li> <li>(c) insurance claims; and</li> <li>(d) any interest owing to any member of the Group;</li> </ul>
<b>Current Liabilities</b>	the aggregate (on a consolidated basis) of all liabilities (including trade creditors, accruals and provisions) of each member of the Group to be settled within twelve months from the date of computation but excluding amounts in respect of: <ul style="list-style-type: none"> <li>(a) liabilities for Financial Indebtedness and Interest Service;</li> <li>(b) liabilities for tax;</li> <li>(c) Exceptional Items and other non-operating items;</li> <li>(d) insurance claims; and</li> <li>(e) liabilities in relation to dividends declared but not paid by the Group in favour of a person which is not a member of the Group,</li> </ul> and so that no amount shall be added (or deducted) more than once;
<b>D<sub>1</sub></b>	has the meaning given to that term in Condition 4.3.5

	( <i>Definitions</i> ) of the MTN Notes;
<b>D<sub>2</sub></b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Day 1 Minimum Rating</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Additional resources Available – Hedging – Hedging Policy</i> ”;
<b>Danish krone</b>	has the meaning given to that term in the section “ <i>Important Notices</i> ”;
<b>date for payment</b>	has the meaning given to that term in Condition 5.3 ( <i>Changes in Circumstances Affecting the Index</i> ) of the MTN Notes;
<b>Day Count Fraction</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Dealer Agreement</b>	the agreement dated on or around 19 December 2018 entered into between the Obligors, the Arranger and the Dealers named therein (or deemed named therein) concerning the purchase of Notes to be issued pursuant to the Programme together with any agreement for the time being in force amending, replacing, novating or modifying such agreement and any accession letters and/or agreements supplemental thereto;
<b>Dealers</b>	has the meaning given to that term in the section “ <i>Overview of the Programme – Principal Dealers</i> ”;
<b>Debt Service Reserve Account</b>	the account of MidCo entitled the “Debt Service Reserve Account” held at the Initial Account Bank and includes any sub-account relating to that account and any replacement account from time to time;
<b>decision</b>	has the meaning given to that term in the section “ <i>Risk Factors – Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme – Risks related to Notes generally – Potential disenfranchisement of Noteholders</i> ”;
<b>Decision Date</b>	has the meaning given to that term in the section “ <i>Risk Factors – Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme – Risks related to Notes generally – Potential disenfranchisement of Noteholders</i> ”;
<b>Decision Period</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – Voting Matters – Decision Period</i> ”;
<b>Default</b>	(a) an Event of Default; (b) a Trigger Event; or (c) a Potential Event of Default;
<b>Default Rate</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Default Situation</b>	any period during which there subsists an Event of Default;
<b>Defeasance Account</b>	each account opened by any member of the MidCo Group with the Account Bank in accordance with the Account Bank

	Agreement in respect of Defeased Debt;
<b>Defeased Debt</b>	any Secured Debt in respect of which the relevant Secured Creditor Representative has designated the relevant Secured Debt as Defeased Debt;
<b>Definitive Notes</b>	has the meaning given to that term in the section “ <i>Overview of Provisions Relating to the MTN Notes While in Global Form – Exchange – Delivery of MTN Notes</i> ”;
<b>Degrouping Charge</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Other Finance Documents – Tax Deed of Covenant</i> ”;
<b>Designated Maturity</b>	has the meaning given to that term in Condition 4.2.3 ( <i>Rate of Interest for Floating Rate Notes</i> ) of the MTN Notes;
<b>Determination Date</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Determination Dissenting Creditor</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – Modifications, Consents and Waivers – STID Voting Request</i> ”;
<b>Determination Period</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Direction Notice</b>	in respect of any matter which is not the subject of a STID Proposal or an Instruction Notice, a request made by the Security Trustee for an instruction from the Qualifying Secured Creditors as to whether the Security Trustee should agree to a consent, waiver or modification or exercise a right or discretion pursuant to the Finance Documents and the manner in which it should do so;
<b>Discounted Value</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Discretion Matter</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – Discretion Matters</i> ”;
<b>Dispute</b>	has the meaning given to that term in Condition 18 ( <i>Governing Law and Jurisdiction</i> ) of the MTN Notes;
<b>Distribution Account</b>	the transaction account referred to in Schedule 1 to the Account Bank Agreement;
<b>Dollars</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>DSR Liquidity Facility Agent</b>	the Initial DSR Liquidity Facility Agent and in respect of any DSR Liquidity Facility Agreement, the facility agent under such DSR Liquidity Facility Agreement;
<b>DSR Liquidity Facility Provider</b>	the Initial DSR Liquidity Providers and any other lender under a DSR Liquidity Facility Agreement who has acceded to the STID as a Secured Creditor;
<b>DSR LF Notice of Drawing</b>	has the meaning given to it in a DSR Liquidity Facility Agreement;
<b>DSR Liquidity Facility Agreement</b>	the Initial DSR Liquidity Facility Agreement and any other

	DSR liquidity facility agreement entered into from time to time by MidCo;
<b>DSR Liquidity Facility or DSR Liquidity Facilities</b>	a debt service reserve liquidity facility made available under a DSR Liquidity Facility Agreement;
<b>DSR Liquidity Loan Drawing</b>	has the meaning given to it in a DSR Liquidity Facility Agreement;
<b>DSR Liquidity Shortfall</b>	has the meaning given to it in a DSR Liquidity Facility Agreement;
<b>Effective Date</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>EIN Signatories</b>	has the meaning given to that term in Condition 12.1 ( <i>Decisions of Majority Creditors</i> ) of the MTN Notes;
<b>Electronic Consent</b>	has the meaning given to that term in the section “ <i>Overview of Provisions relating to Notes while in Global Form – Electronic Consent and Written Resolution</i> ”;
<b>Emergency</b>	the disruption of the normal service of the distribution of gas to the extent that it is treated as a major emergency under OpCo’s policies, standards and procedures and requires actions on the part of OpCo which would otherwise be inhibited or delayed by the provisions of the Finance Documents;
<b>Emergency Instruction Notice</b>	has the meaning given to that term in Condition 12.1 ( <i>Decisions of Majority Creditors</i> ) of the MTN Notes;
<b>EMIR</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – Specific Consent Matters – Consequential Amendments, Consents and Waivers</i> ”;
<b>Energy Administration Order</b>	an order made pursuant to Section 156 of the Energy Act 2004;
<b>Enforcement Action</b>	any step (other than (i) the exercise of any rights of inspection of any asset or other immaterial actions taken under any Finance Lease or (ii) any Permitted Hedge Terminations) that a Secured Creditor is entitled to take to enforce its rights against an Obligor under a Finance Document following the occurrence of an Event of Default, including the declaration of an Event of Default, the institution of proceedings, the making of a demand for payment under a Guarantee or the Acceleration of Liabilities (other than the cancellation following an Event of Default of any remaining commitments under an Authorised Credit Facility in full or, as the case may be, an acceleration by a Secured Creditor or Secured Creditors pursuant to the terms of the applicable Finance Documents);
<b>Enforcement Order</b>	any order, direction or decision issued by the Regulator under the Gas Act 1986 (as amended by subsequent legislation) or Enterprise Act 2002 (as amended by subsequent legislation) to enforce OpCo’s compliance with the terms of its Licence;

<b>Enhanced Rights Matter</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – Enhanced Rights Matters</i> ”;
<b>Entrenched Matter</b>	the rights of the Secured Creditors, Security Trustee and each MidCo Hedging Counterparty provided by the terms of clause 8.13 ( <i>Procedure for Entrenched Rights Matters</i> ) of the STID and Schedule 2 ( <i>Entrenched Rights</i> ) to the STID;
<b>Entrenched Rights</b>	means the rights of the Secured Creditors provided by Schedule 2 ( <i>Entrenched Rights</i> ) to the STID;
<b>Entrenched Right Determination</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – Modifications, Consents and Waivers – STID Voting Request</i> ”;
<b>Entrenched Right Dissenting Creditor</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – Modifications, Consents and Waivers – STID Voting Request</i> ”;
<b>Entrenched Right Dissenting Notice</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – Modifications, Consents and Waivers</i> ”;
<b>Entrenched Rights Matter</b>	has the meaning given to such term in clause 8.9 ( <i>Procedure for Enhanced Rights Matters – STID Voting Request</i> ) of the STID;
<b>Environment</b>	the natural and man-made environment and all or any of the following media (alone or in combination): air (including the air within buildings and the air within other natural or man-made structures whether above or below ground); water (including water under or within land or in drains or sewers); soil and land; and any ecological systems and living organisms (including man) and property;
<b>Environmental Claim</b>	any claim, proceeding or investigation by any person pursuant to any Environmental Law;
<b>Environmental Laws</b>	any applicable law or regulation concerning the pollution or protection of the Environment, the conditions of the workplace or harm to the Environment;
<b>Environmental Permits</b>	any permits, licences, consents, approvals and other authorisations, permission, notification, waiver, order or exemption made, issued or required under any Environmental Law for the operation of the businesses of any member of the Group;
<b>Equity Cure Amount</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Common Terms Agreement – Equity Cure Right</i> ”;
<b>Equity Cure Right</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Common Terms Agreement – Equity Cure Right</i> ”;
<b>Equity Cure Prepayment Amount</b>	has the meaning given to that term in Condition 5.5 ( <i>Payments in Connection with Equity Cure of Financial</i>

	Covenants) of the US PP Notes;
<b>Equity Cure Prepayment Date</b>	has the meaning given to that term in Condition 5.5 ( <i>Payments in Connection with Equity Cure of Financial Covenants</i> ) of the US PP Notes;
<b>Equity Cure Prepayment Offer</b>	has the meaning given to that term in Condition 5.5 ( <i>Payments in Connection with Equity Cure of Financial Covenants</i> ) of the US PP Notes;
<b>Equivalent Amount</b>	the amount in question expressed in the terms of the Base Currency, calculated on the basis of the Exchange Rate;
<b>EURIBOR</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>euro</b>	has the meaning given to that term in the section " <i>Stabilisation</i> ";
<b>Eurobond Basis</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> );
<b>Euroclear</b>	has the meaning given to that term on the cover page;
<b>Events of Default</b>	has the meaning given to that term in the section " <i>Overview of the Financing Agreements – Common Terms Agreement – Events of Default</i> ";
<b>Exceptional Items</b>	any material items of an unusual or non-recurring nature which represent gains or losses including those arising on (but not limited to): <ul style="list-style-type: none"> <li>(a) the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring;</li> <li>(b) disposals, revaluations, write downs or impairment of non-current assets or any reversal of any write down or impairment;</li> <li>(c) disposals of assets associated with discontinued operations; and</li> <li>(d) the purchase by a member of the Group at less than par value of any loans made to any member of the Group or any securities issued by a member of the Group;</li> </ul>
<b>Exchange Date</b>	has the meaning given to that term in the section " <i>Overview of Provisions relating to Notes while in Global Form – Exchange – Exchange Date</i> ";
<b>Exchange Rate</b>	the spot rate at which the Non-Base Currency is converted to the Base Currency as quoted by the relevant Secured Creditor Representative as at 11:00 a.m.: <ul style="list-style-type: none"> <li>(a) for the purposes of clause 8.7 (<i>Procedure for Voting Matters – STID Voting Request</i>) of the STID on the date that the STID Voting Request is dated; or</li> <li>(b) in any other case, on the date as of which calculation of the Equivalent Amount of the Outstanding Principal Amount is required,</li> </ul> and in each case, as notified by the relevant Secured Creditor Representative to the Security Trustee;
<b>Excluded Taxes</b>	has the meaning given to that term in Condition 16

	( <i>Definitions</i> ) of the US PP Notes;
<b>Exercise Notice</b>	has the meaning given to that term in Condition 6.6 ( <i>Redemption at the Option of MTN Noteholders and Exercise of MTN Noteholders' Options</i> );
<b>Existing GasD OpCo Bonds</b>	<ul style="list-style-type: none"> <li>(a) the £650,000,000 Fixed Rate Instruments due 2021 issued by FinCo on or around 22 September 2016;</li> <li>(a) the €750,000,000 Fixed Rate Instruments due 2024 issued by FinCo on or around 22 September 2016;</li> <li>(b) the £850,000,000 Fixed Rate Instruments due 2028 issued by FinCo on or around 22 September 2016;</li> <li>(c) the £700,000,000 Fixed Rate Instruments due 2038 issued by FinCo on or around 22 September 2016;</li> <li>(d) the £800,000,000 Fixed Rate Instruments due 2046 issued by FinCo on or around 22 September 2016;</li> <li>(e) the £300,000,000 Fixed Rate Instruments due 2040 issued by FinCo on or around 21 March 2018; and</li> <li>(f) the JPY10,000,000,000 Fixed Rate Instruments due 19 July 2033 issued by FinCo on or around 19 July 2018</li> </ul>
<b>Expected Maturity Date</b>	has the meaning given to that term in the section " <i>Overview of the Financing Arrangements – Common Terms Agreement – Covenants – General Covenants – Covenants of the Obligors</i> ";
<b>Expert</b>	(x) in relation to MTN Notes, has the meaning given to that term in Condition 5.5 ( <i>Material Changes to or Cessation of the Index</i> ) of the MTN Notes; and (y) in relation to US PP Notes, has the meaning given to that term in Condition 4.4 ( <i>Cessation of or Fundamental Change to the Index</i> ) of the US PP Notes;
<b>Extension Period</b>	has the meaning given to that term in the section " <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – Voting Matters – Quorum Requirement for Voting Matters</i> ";
<b>FATCA</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>FATCA Deduction</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>FATCA Exempt Party</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>FATCA Withholding</b>	has the meaning given to that term in Condition 8 ( <i>Taxation</i> ) of the MTN Notes;
<b>Final Discharge Date</b>	the date on which all Secured Debt is repaid, prepaid, cancelled or otherwise irrevocably discharged;
<b>Final Terms</b>	has the meaning given to that term in the section " <i>Overview of the Programme – Method of Issue</i> ";
<b>Finance Documents</b>	the Programme Documents, the MTN Notes, the US PP Note Documents the Security Documents, the PP Note Documents, the MidCo Hedging Agreements and any other credit support or collateral documentation entered into in

connection therewith or pursuant thereto, the CTA, each MidCo Issuer/MidCo Loan Agreement, each DSR Liquidity Facility Agreement, the ISF Finance Documents, the Issuer/ICSD Agreement, each Account Bank Agreement, the Tax Deed of Covenant, any other Authorised Credit Facilities, the Master Definitions Agreement, each Accession Memorandum and any other Finance Documents as may be entered into from time to time pursuant to the STID;

**Finance Lease**

any lease or hire purchase contract, a liability under which would, in accordance with Applicable Accounting Principles, be treated as a balance sheet liability;

**Finance Parties**

any person providing financial accommodation pursuant to an Authorised Credit Facility including all arrangers, agents and trustees appointed in connection with any such Authorised Credit Facility;

**Financial Adviser**

has the meaning given to that term in Condition 6.5.3 (*Make-whole Redemption Option*);

**Financial Indebtedness**

- (a) moneys borrowed or raised;
- (b) any acceptances under any acceptance or bill discount credit facility or dematerialised equivalent;
- (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument excluding Trade Instruments;
- (d) the amount of any liability in respect of any Finance Lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any termination amount (but not the marked-to-market value) due from any member of the Relevant Group in respect of a Hedging Agreement;
- (g) any counter-indemnity obligations in respect of a guarantee, note, standby or documentary letter of credit or any other instrument (but not any Trade Instruments) issued by a bank or financial institution of an entity which is not a member of the Relevant Group, in each case, in respect of indebtedness of a type referred to within one of the other paragraphs of this definition;
- (h) any amount raised by the issue of shares which are redeemable (other than at the option of any member of the Group) before the Final Discharge Date or are otherwise classified as borrowings under the Applicable Accounting Principles);
- (i) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 120 days after the date of

	supply;
	(j) any amount raised under any other transaction (including any forward sale or purchase agreement, sale and sale back or sale and lease back agreement) having the commercial effect of a borrowing; and
	(k) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above.
	The term “ <b>Financial Indebtedness</b> ” shall not, for the avoidance of doubt, include any obligations in respect of early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions (or guarantees, surety bonds, letters of credit or other instruments in relation to any such obligations, contributions or claims);
<b>Financial Instruments and Exchange Act</b>	has the meaning given to that term in the section “ <i>Plan of Distribution – Selling Restrictions – Japan</i> ”;
<b>Financial Ratio Event of Default</b>	an Event of Default pursuant to paragraph 14 ( <i>Breach of Financial Covenants</i> ) of Schedule 4 ( <i>Events of Default</i> ) to the CTA;
<b>Financial Statements</b>	at any time, the most recent financial statements (excluding, for the avoidance of doubt, in the case of OpCo, regulatory accounts) of an Obligor, consolidated where applicable, most recently delivered to the Security Trustee;
<b>Financial Year</b>	subject to paragraph 13(b) ( <i>Accounts</i> ) of Part B, of Part 2 of Schedule 2 ( <i>Covenants</i> ) to the CTA, each period of four consecutive financial quarters ending on 31 March in each year;
<b>FinCo</b>	Cadent Finance plc;
<b>First Hedging Transaction</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Additional Resources Available – Hedging – Hedging Policy</i> ”;
<b>Fitch</b>	Fitch Ratings Ltd. Or any successor to its rating business;
<b>Fixed Rate Note</b>	a Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or fixed dates in each year and on redemption or on such other dates as may be agreed between the Issuer and (i) in the case of MTN Notes, the relevant Dealer(s) or (ii) in the case of US PP Notes, the relevant US Note Purchaser(s) (as indicated in the applicable Final Terms);
<b>Floating Rate Notes</b>	in relation to US PP Notes, has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Floating Rate Note Reference Stock</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Floating Rate Note Formula</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>foreign passthru payments</b>	has the meaning given to that term in the section “ <i>Taxation – FATCA Withholding</i> ”;

<b>FSMA</b>	has the meaning given to that term on the cover page;
<b>GA</b>	Gas Act 1986
<b>GasD OpCo Bonds</b>	the bonds issued by FinCo (guaranteed by OpCo);
<b>GasD OpCo Business Plan</b>	the latest business plan of OpCo approved by the directors of OpCo;
<b>GasD OpCo Conditions</b>	the terms and conditions of the GasD OpCo Bonds;
<b>GasD OpCo Default</b>	a GasD OpCo Event of Default or a GasD OpCo Potential Event of Default;
<b>GasD OpCo Event of Default</b>	<ul style="list-style-type: none"> <li>(a) any Financial Indebtedness of any member of the GasD OpCo Group is not paid within any originally applicable grace period;</li> <li>(b) any Financial Indebtedness of any member of the GasD OpCo Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or</li> <li>(c) any creditor of any member of the GasD OpCo Group becomes entitled to declare any Financial Indebtedness of any member of the GasD OpCo Group due and payable prior to its specified maturity as a result of an event of default (however described);</li> </ul>
<b>GasD OpCo Group</b>	OpCo, PropCo and Cadent Finance plc and any Subsidiary of any of the foregoing;
<b>GasD OpCo Group Hedge Counterparties</b>	the counterparties to any GasD OpCo Group Hedging Agreement, each of which is individually a “ <b>GasD OpCo Group Hedge Counterparty</b> ”;
<b>GasD OpCo Group Hedging Agreements</b>	any ISDA Master Agreement (including the schedule and (if any) credit support annex thereto, and any Treasury Transaction thereunder) entered, or to be entered into, by a member of the GasD OpCo Group with a GasD OpCo Group Hedge Counterparty, each of which is individually a “ <b>GasD OpCo Group Hedging Agreement</b> ”;
<b>GasD OpCo Net Debt</b>	<p>as at any particular time, the aggregate nominal amount (which, for the avoidance of doubt, here means the original face value where relevant) of all outstanding (or, in respect of a future date, forecast to be outstanding) obligations of the GasD OpCo Group (excluding PropCo) (on a consolidated basis) in respect of Financial Indebtedness and so that no amount shall be included or excluded more than once provided that, in relation to any amount denominated other than in sterling (the “<b>foreign currency amount</b>”), such foreign currency amount shall be expressed in terms of sterling, calculated on the basis of the applicable FX Rate:</p> <ul style="list-style-type: none"> <li>(a) excluding any Subordinated Debt owed to the MidCo Group;</li> <li>(b) including, in the case of Finance Leases, only the capitalised value thereof;</li> <li>(c) including (on a net basis) any accretion portion of any Financial Indebtedness which is indexed and any</li> </ul>

- accretion under any Index-Linked Hedging Transaction;
- (d) excluding any un-crystallised mark to market amount relating to any GasD OpCo Group Hedging Agreement (other than GasD OpCo Group Hedging Agreements having the commercial effect of annuity payments); and
- (e) excluding any amounts owing between members of the GasD OpCo Group;
- (f) less (i) Cash of the GasD OpCo Group (excluding PropCo); and (ii) Authorised Investments of the GasD OpCo Group (excluding PropCo),

where “**FX Rate**” means, in relation to the amounts referred to in this definition:

- (i) if hedged pursuant to a Treasury Transaction, the exchange rate specified therein; and
- (ii) if not hedged, the spot rate of exchange for the purchase of the relevant currency with sterling in the London foreign exchange market at or about 11:00 a.m. on the date of such calculation;

**GasD OpCo Potential Event of Default**

in respect of GasD OpCo or any member of the GasD OpCo Group, any event which, with the lapse of time and/or the giving of any notice and/or the making of any determination (in each case where the lapse of time and/or giving of notice and/or determination is provided for in the terms of such GasD OpCo Event of Default, and assuming no intervening remedy), would constitute a GasD OpCo Event of Default;

**GasD OpCo Programme**

the £6,000,000,000 Euro Medium Term Note Programme established on 5 September 2016 by FinCo as issuer;

**GasD OpCo RAR**

in respect of any Calculation Date the ratio of OpCo Net Debt to RAV in respect of that Calculation Date;

**GasD Vat Group**

has the meaning given to that term in the section “*Overview of the Financing Agreements – Other Finance Documents – Tax Deed of Covenant*”;

**GBP**

has the meaning given to that term in Condition 16 (*Definitions*) of the US PP Notes;

**General Formula**

has the meaning given to that term in Condition 5.9 (*Make-Whole Amount*) of the US PP Notes;

**Global Notes**

has the meaning given to that term on the cover page;

**Good Industry Practice**

the standards, practices, methods and procedures as practised in the United Kingdom conforming to all applicable laws and the degree of skill, diligence, prudence and foresight which would reasonably be expected from a skilled and experienced person undertaking all or part of the Business, as the case may be, under the same or similar circumstances as those applying to OpCo having regard to the regulatory pricing allowances and practices in Great Britain’s regulated gas transportation industry at the relevant time;

**Governmental Authority**

has the meaning given to that term in Condition 16 (*Definitions*) of the US PP Notes;

<b>Gross Redemption Yield</b>	has the meaning given to that term in Condition 6.5.3 ( <i>Make-whole Redemption Option</i> ) of the MTN Notes;
<b>Group</b>	the MidCo Group and the GasD OpCo Group;
<b>Group Debt</b>	on a consolidated basis, the Secured Debt, the GasD OpCo Bonds and any other Permitted Financial Indebtedness entered into by any member of the GasD OpCo Group which is term debt and not Subordinated Debt but excluding any amounts owing from one member of the Group to another;
<b>Group Relief</b>	any losses or other amounts eligible for surrender under Part 5 CTA 2010;
<b>Group Structure Chart</b>	the group structure chart in agreed form;
<b>Guarantee</b>	(x) in relation to the MTN Notes, has the meaning given to that term in Condition 2.2 ( <i>Guarantee</i> ) of the Terms and Conditions of the MTN Notes; and (y) in relation to the US PP Notes, has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the Terms and Conditions of the US PP Notes;
<b>Guarantors</b>	MidCo and PledgeCo;
<b>Hedge Accretion</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Common Terms Agreement – Covenants – General Covenants – Covenants of the Obligors</i> ”;
<b>Hedge Counterparties</b>	collectively, the MidCo Hedge Counterparties and the GasD OpCo Group Hedge Counterparties, and “ <b>Hedge Counterparty</b> ” means any one of them;
<b>Hedge Percentage</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Common Terms Agreement – Covenants – General Covenants – Covenants of the Obligors</i> ”;
<b>Hedging Agreements</b>	collectively, the MidCo Hedging Agreements and the GasD OpCo Group Hedging Agreements and “ <b>Hedging Agreement</b> ” means any one of them;
<b>Hedging Policy</b>	the policy set out in Schedule 5 ( <i>Hedging Policy</i> ) to the CTA for the purpose of hedging exposures to currency exchange, inflation and interest rate fluctuations;
<b>Hedging Transaction</b>	any Transaction (as defined in the relevant Hedging Agreement) entered into pursuant to a Hedging Agreement;
<b>Her Majesty’s Treasury</b>	has the meaning given to that term in Condition 5.1 ( <i>Definitions</i> ) of the MTN Notes;
<b>HMRC</b>	has the meaning given to that term in the section “ <i>Taxation – United Kingdom Taxation</i> ”;
<b>HoldCo</b>	Quadgas HoldCo Limited;
<b>holder</b>	has the meaning given to that term in the Terms and Conditions of the MTN Notes;
<b>Holding Company</b>	a company which holds the majority of voting rights in another company, or is a member of such company and has the right to appoint or remove a majority of its board of

	directors or to control the exercise of a majority of voting rights (either alone or in concert), or which is a direct or indirect holding company of a company which is itself the holding company of that other company;
<b>Hong Kong dollars</b>	has the meaning given to that term in the section “ <i>Important Notices</i> ”;
<b>IGAs</b>	has the meaning given to that term in the section “ <i>Taxation – FATCA Withholding</i> ”;
<b>Indemnity Amount</b>	has the meaning given to that term in Condition 10.3 ( <i>Indemnity Payment</i> ) of the US PP Notes;
<b>Independent Review</b>	an independent review contemplated in paragraph 3 ( <i>Further Information and Remedial Plan</i> ) of Part 2 ( <i>Trigger Event Consequences</i> ) of Schedule 3 ( <i>Trigger Events</i> ) to the CTA;
<b>Index</b>	(x) in relation to the MTN Notes, has the meaning given to that term in Condition 5.1 ( <i>Definitions</i> ) of the MTN Notes; and (y) in relation to the US PP Notes, has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Index Figure</b>	(x) in relation to the MTN Notes, has the meaning given to that term in Condition 5.1 ( <i>Definitions</i> ) of the MTN Notes; and (y) in relation to the US PP Notes, has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Index Linked Notes</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes
<b>Index Linked Notes Formula</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes
<b>Index Ratio</b>	(x) in relation to the MTN Notes, has the meaning given to that term in Condition 5.1 ( <i>Definitions</i> ) of the MTN Notes; and (y) in relation to the US PP Notes, has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Index Reference Stock</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes
<b>Indexation Adviser</b>	(x) in relation to the MTN Notes, has the meaning given to that term in Condition 5.1 ( <i>Definitions</i> ) of the MTN Notes; and (y) in relation to the US PP Notes, has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Indexed Benchmark Gilt</b>	(x) in relation to MTN Notes, has the meaning given to that term in Condition 5.1 ( <i>Definitions</i> ) of the MTN Notes; and (y) in relation to US PP Notes, has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Index-Linked Hedging Agreement</b>	any Hedging Agreement with a Hedge Counterparty in respect of an Index-Linked Hedging Transaction;
<b>Index-Linked Hedging Transaction</b>	any Hedging Transaction pursuant to an Index-Linked Hedging Agreement under which payments to be made by either party are to be indexed;

<b>Information Memorandum</b>	any information memorandum prepared by or on behalf of and approved by MidCo in connection with the general syndication in the interbank market of any Authorised Credit Facility (but not the Notes), as applicable;
<b>Initial Account Bank</b>	Barclays Bank PLC;
<b>Initial Account Bank Agreement</b>	the account bank agreement dated on or about 21 March 2017 between, among others, the Initial Account Bank and the Security Trustee;
<b>Initial DSR Liquidity Facility Agent</b>	Crédit Agricole Corporate and Investment Bank;
<b>Initial DSR Liquidity Facility Agreement</b>	the DSR liquidity facility agreement entered on 21 March 2017 between, among others, the Initial DSR Liquidity Facility Agent, the Security Trustee and the Initial DSR Liquidity Facility Provider(s);
<b>Initial DSR Liquidity Facility Agent</b>	has the meaning given to that term in the Master Definitions Agreement;
<b>Initial Issue Date</b>	the date that the Notes are issued under the Programme for the first time;
<b>Initial Note Purchase Agreement</b>	the note purchase agreement between, among others, each Initial PP Noteholder whereby MidCo agrees to issue certain Initial PP Notes to each Initial PP Noteholder dated on or about 21 March 2017;
<b>Initial PP Noteholders</b>	certain financial institutions listed in Part 3 ( <i>Initial PP Noteholders</i> ) of Schedule 2 ( <i>Financial Institutions</i> ) as original noteholders under the Initial PP Notes;
<b>Initial PP Notes</b>	the privately placed notes issued by MidCo prior to or on the Closing Date to the Initial PP Noteholders;
<b>Initial Senior Facility</b>	has the meaning given to the term “Facilities” in the Initial Senior Facility Agreement;
<b>Initial Senior Facility Agreement</b>	the agreement between, among others, Crédit Agricole Corporate and Investment Bank as initial facility agent and the Security Trustee dated on or about 21 March 2017;
<b>Initial Swap Agreement</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes
<b>Insolvency Act</b>	Insolvency Act 1986;
<b>Insolvency Event</b>	<p>(a) the initiation of or consent to Insolvency Proceedings by such person or any other person or the presentation of a petition or application for the making of an administration order and, in the opinion of the Security Trustee, such proceedings are not being disputed in good faith with a reasonable prospect of success or which are frivolous or vexatious and discharged, stayed or dismissed within 30 days of commencement or, if earlier, the date on which it is advanced;</p> <p>(b) the giving of notice of appointment of an administrator or the making of an administration order or an administrator being appointed in relation to such person;</p> <p>(c) an encumbrancer (or other similar official) taking</p>

possession of the whole or any part of the undertaking or assets of such person;

- (d) any distress, execution, attachment or other similar process being levied or enforced or imposed upon or against the whole or any substantial part of the undertaking or assets of such person and such order, appointment, possession or process (as the case may be) not being discharged or otherwise ceasing to apply within 30 days;
- (e) the making of an arrangement, composition, scheme of arrangement, reorganisation with or conveyance to or assignment for the creditors of such person generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such person generally;
- (f) the passing by such person of an effective resolution or the making of an order by a court of competent jurisdiction for the winding-up, liquidation or dissolution of such person (except in the case of the Issuer, a winding up for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Security Trustee or by an Extraordinary Resolution);
- (g) the appointment of an Insolvency Official in relation to such person or in relation to the whole or any substantial part of the undertaking or assets of such person;
- (h) save as permitted in the STID, the cessation or suspension of payment of its debts generally or a public announcement by such person of an intention to do so;
- (i) save as provided in the STID, a moratorium is declared in respect of any indebtedness of such person; or
- (j) (if the person is OpCo) the making of an Energy Administration Order in respect of OpCo.

**Insolvency Official**

in respect of any company, a liquidator, provisional liquidator, administrator, energy administrator, administrative receiver, receiver or manager, nominee, supervisor, trustee, conservator, guardian or other similar official appointed in respect of such company or in respect of all or any part of the company's assets or in respect of any arrangement or composition with creditors;

**Insolvency Proceedings**

in respect of any company, the winding-up, liquidation, dissolution or administration of such company, or any equivalent or analogous proceedings under the law of the jurisdiction in which such company is incorporated or of any jurisdiction in which such company, carries on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, special administration, arrangement, adjustment, protection or relief of debtors;

<b>Institutional Accredited Investors</b>	has the meaning given to that term in the section “ <i>Important Notices</i> ”;
<b>Institutional Debt</b>	any debt advanced by an institutional investor to MidCo or the Issuer from time to time, which, for the avoidance of doubt, includes any PP Notes issued under a Note Purchase Agreement;
<b>Institutional Investor</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Instruction Notice</b>	has the meaning given to such term in clause 14.1 ( <i>Qualifying Secured Creditor Instruction Notice</i> ) of the STID;
<b>Insurances</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Common Terms Agreement – Covenants – General Covenants – Additional Covenants of Cadent</i> ”;
<b>Insurance Mediation Directive</b>	has the meaning given to that term in the section “ <i>Plan of Distribution – Selling Restrictions – Prohibition of Sales to European Economic Area Retail Investors</i> ”;
<b>Intellectual Property Rights</b>	all right, title and interest in: <ul style="list-style-type: none"> <li>(a) any trade mark, service mark, trade name, logo, patent, invention, design or similar right;</li> <li>(b) any designs, copyright, semi-conductor topography, database and know-how or intellectual property right; or</li> <li>(c) all such similar rights which may subsist in any part of the world, in each case whether registered or unregistered, whether in existence now or in the future, and includes any related application;</li> </ul>
<b>Intercreditor Arrangements</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – General</i> ”;
<b>interest</b>	has the meaning given to that term in Condition 8 ( <i>Taxation</i> ) of the MTN Notes;
<b>Interest Accrual Period</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Interest Amount</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Interest Commencement Date</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Interest Determination Date</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Interest Payment Date</b>	(x) in relation to the MTN Notes, has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes; and (y) in relation to the US PP Notes, has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Interest Period</b>	(x) in relation to the MTN Notes, has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes; and (y) in relation to the US PP Notes, has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP

	Notes;
<b>Interest Period Date</b>	(x) in relation to the MTN Notes, has the meaning given to that term in Condition 4.5.3 ( <i>Definitions</i> ) of the MTN Notes; and (y) in relation to the US PP Notes, has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Interest Rate Hedging Agreement</b>	any Hedging Agreement with a Hedge Counterparty in respect of interest rate (including, to the extent relating to interest, index-linked) swap transactions;
<b>Interest Receivable</b>	in respect of any period for which it is being calculated, all interest receivable and all other income and capital gains (after taking account of any capital losses) earned by the Group (on a consolidated basis) in each case from its Authorised Investments (whether such amounts are paid or payable) during the relevant period or in respect of forward-looking ratios and interest receivable or other income (but not projected capital gains) that is receivable during the relevant period;
<b>Interest Service</b>	for any period for which it is being calculated, the aggregate amount of accrued interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in the nature of interest in respect of Financial Indebtedness (including net hedging payments (excluding break costs)) whether paid or payable by any member of the Group (calculated on a consolidated basis) in respect of that period: <ul style="list-style-type: none"> <li>(a) excluding any upfront fees or costs;</li> <li>(b) including the interest (but not the capital) element of payments in respect of Finance Leases;</li> <li>(c) including any commission, fees (including without limitation any fees in respect of any Pensions Letter of Credit), discounts and other finance payments payable by (and deducting any such amounts payable to) any member of the Group under any hedging arrangement;</li> <li>(d) excluding any interest cost or expected return on plan assets in relation to any post-employment benefit schemes;</li> <li>(e) excluding the aggregate amount of accrued interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in the nature of interest in respect of (i) Subordinated Debt or (ii) any debt as between members of the Group;</li> <li>(f) if a Joint Venture is accounted for on a proportionate consolidation basis, after adding the Group's share of the finance costs or interest receivable of the Joint Venture; and</li> <li>(g) taking no account of (i) any unrealised gains or losses on any derivative instruments or financial instruments, and (ii) indexation accruals from index-linked debt or swaps,</li> </ul>

	and so that no amount shall be added (or deducted) more than once;
<b>Investment Grade</b>	a rating of at least BBB- by S&P or BBB- by Fitch or Baa3 by Moody's (or any replacement notation therefor, or such equivalent ratings by any other internationally recognised credit rating agency);
<b>Investment Issuer Act</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Investor's Currency</b>	has the meaning given to that term in the section " <i>Risk Factors – Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme – Risks related to the market generally – Exchange rate risks and exchange controls</i> ";
<b>Investor</b>	in relation to US PP Notes, has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Investor Affiliate</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Investors</b>	the direct or indirect owners of the shares in HoldCo;
<b>Investors Report</b>	each report produced by MidCo to be delivered within 150 days after the end of each Financial Year, substantially in the form set out in Schedule 9 ( <i>Form of Investors Report</i> ) to the CTA;
<b>ISDA Definitions</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>ISDA Master Agreement</b>	(other than in relation to US PP Notes, where such term has the meaning given in Condition 5.10 ( <i>Swap Breakage</i> ) of the US PP Notes) an agreement in the form of the 2002 ISDA Master Agreement (Multi-Currency Cross Border) or any successor thereto published by ISDA, unless otherwise agreed by the Security Trustee;
<b>ISDA Rate</b>	has the meaning given to that term in Condition 4.2.3 ( <i>Rate of Interest for Floating Rate Notes</i> ) of the MTN Notes;
<b>ISF Finance Documents</b>	has the meaning given to that term in the Initial Senior Facility Agreement;
<b>Issue Date</b>	a date that any Notes are issued by the Issuer;
<b>Issuer</b>	Quadgas Finance plc;
<b>Issuer/ICSD Agreement</b>	the issuer/ICSD agreement to be entered into on or about the date of the issuance of the Notes between the Issuer and the clearing systems;
<b>Japanese yen</b>	has the meaning given to that term in the section " <i>Important Notices</i> ";
<b>Joint Venture</b>	any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or other entity;
<b>Legal Reservations</b>	(a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency,

	reorganisation and other laws generally affecting the rights of creditors;
	(b) the time barring of claims under applicable statutes of limitation, the possibility that an undertaking to assume liability for or to indemnify a person against non-payment of stamp duty may be void and defences of set-off or counterclaim;
	(c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and
	(d) any other matters which are set out as qualifications or reservations as to matters of law of general application in the legal opinions delivered under, pursuant to and in accordance with the Finance Documents;
<b>Legended Notes</b>	has the meaning given to that term in the section " <i>Important Notices</i> ";
<b>LIBOR</b>	(x) in relation to the MTN Notes, has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes; (y) in relation to the US PP Notes, has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Licence</b>	OpCo's Gas Transporter licence pursuant to Section 7 of the GA with respect to its distribution of gas;
<b>Licence Income Limits</b>	the maximum Distribution Network Transportation Activity Revenue (as set out and defined in Part E of the Special Conditions of the Licence) set for each year by the Regulator in a Periodic Review determining whether charges made by Regulated Companies for gas transportation services may be increased, decreased or kept constant;
<b>Limited Index Linked Notes</b>	has the meaning given to that term in Condition 5.1 ( <i>Definitions</i> ) of the MTN Notes;
<b>Limited Index Ratio</b>	has the meaning given to that term in Condition 5.1 ( <i>Definitions</i> ) of the MTN Notes;
<b>Limited Indexation Date</b>	has the meaning given to that term in Condition 5.1 ( <i>Definitions</i> ) of the MTN Notes;
<b>Limited Indexation Factor</b>	has the meaning given to that term in Condition 5.1 ( <i>Definitions</i> ) of the MTN Notes;
<b>Limited Indexation Month</b>	has the meaning given to that term in Condition 5.1 ( <i>Definitions</i> ) of the MTN Notes;
<b>Listing Particulars</b>	has the meaning given to that term in the section " <i>Important Notices</i> ";
<b>Listing Rules</b>	the Listing Rules of the Financial Conduct Authority;
<b>local time</b>	has the meaning given to that term in Condition 4.5.3 ( <i>Definitions</i> ) of the MTN Notes;
<b>London Banking Day</b>	has the meaning given to that term in Condition 15.4 ( <i>Obligation to Make Payments in GBP</i> ) of the US PP Notes;
<b>London Stock Exchange</b>	has the meaning given to that term on the cover page;
<b>M<sub>1</sub></b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;

<b>M<sub>2</sub></b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Make-Whole Amount</b>	(x) in relation to the MTN Notes, has the meaning given to that term in the section “ <i>Redemption, Purchase and Options – Redemption at the Option of the Issuer and Exercise of Issuer’s Options – Make-Whole Redemption Option</i> ”; and (y) in relation to the US PP Notes, has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Majority Creditors</b>	the Qualifying Secured Creditor Representatives in respect of more than 50 per cent. of the Voted Qualifying Secured Debt as determined on a “pound for pound” basis (in the case of Qualifying Secured Debt denominated in a currency other than sterling, as calculated on the basis of the Exchange Rate);
<b>Majority Index-Linked Holders</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Market</b>	has the meaning given to that term on the cover page;
<b>Master Definitions Agreement or MDA</b>	the master definitions agreement dated entered into on 21 March 2017 by (amongst others), the Obligors and the Security Trustee;
<b>Material Adverse Effect</b>	a material adverse effect on: <ul style="list-style-type: none"> <li>(a) the business or financial condition of OpCo or of the Group taken as a whole; or</li> <li>(b) the ability of any Obligor to perform its material obligations under any Finance Document;</li> <li>(c) subject to the Legal Reservations, the validity or enforceability of any Finance Document, or the effectiveness or ranking of any Security granted or purported to be granted pursuant to any of the Common Documents, or the rights or remedies of any Secured Creditor thereunder; or</li> <li>(d) taking into account the timing and availability of any rights or remedies under the GA or the Licence, the ability of OpCo to perform or comply with any of its material obligations under the Licence or the GA;</li> </ul>
<b>Matter Determination</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – Modifications, Consents and Waivers – STID Voting Request</i> ”;
<b>Maturities Concentration Tests</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Common Terms Agreement – Covenants – General Covenants – Covenants of the Obligors</i> ”;
<b>MC Test Date</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Common Terms Agreement – Covenants – General Covenants – Covenants of the Obligors</i> ”;
<b>MidCo</b>	Quadgas MidCo Limited;

<b>MidCo Agent</b>	each of the MTN Principal Paying Agent, the MTN Transfer Agent, and any paying agent or any other agent appointed by the Issuer pursuant to the MTN Agency Agreement or Calculation Agency Agreement;
<b>MidCo Group</b>	PledgeCo, MidCo and Issuer and any other Obligor and any Subsidiary of any of the foregoing from time to time which is not a member of the GasD OpCo Group;
<b>MidCo Hedge Counterparties</b>	any counterparty to a MidCo Hedging Agreement who is or becomes a party to the STID and who is or becomes a party to the CTA and accordingly agrees to be bound by Schedule 5 ( <i>Hedging Policy</i> ) to the CTA, and “ <b>MidCo Hedge Counterparty</b> ” means any such counterparty;
<b>MidCo Hedging Agreements</b>	any ISDA Master Agreement (including the schedule and (if any) the credit support annex thereto, and any Hedging Transaction thereunder) entered, or to be entered into, by a member of the MidCo Group (other than PledgeCo) with a MidCo Hedge Counterparty in accordance with the Hedging Policy, each of which is individually a “ <b>MidCo Hedging Agreement</b> ”;
<b>MidCo Issuer Profit Amount</b>	an annual profit element payment of £6,000 payable to the Issuer pursuant to the MidCo Issuer/MidCo Loan Agreement;
<b>MidCo Issuer Transaction Account</b>	the transaction account of the Issuer referred to in the Account Bank Agreement;
<b>MidCo Issuer/MidCo Loan</b>	has the meaning given to that term in the section “ <i>Overview of the Programme – MidCo Issuer/MidCo Loan Agreement</i> ”;
<b>MidCo Issuer/MidCo Loan Agreement</b>	has the meaning given to that term in the section “ <i>Overview of the Programme – MidCo Issuer/MidCo Loan Agreement</i> ”;
<b>MidCo Net Debt</b>	<p>as at any particular time, the aggregate nominal amount (which, for the avoidance of doubt, here means the original face value where relevant) of all outstanding (or, in respect of a future date, forecast to be outstanding) obligations of the Group (on a consolidated basis) in respect of Financial Indebtedness and so that no amount shall be included or excluded more than once provided that, in relation to any amount denominated other than in sterling (the “<b>foreign currency amount</b>”), such foreign currency amount shall be expressed in terms of sterling, calculated on the basis of the applicable FX Rate:</p> <ul style="list-style-type: none"> <li>(a) excluding (i) any Subordinated Debt owed by the GasD OpCo Group to the MidCo Group and (ii) any Subordinated Debt incurred by PledgeCo;</li> <li>(b) including, in the case of Finance Leases, only the capitalised value thereof;</li> <li>(c) including (on a net basis) any accretion portion of any Financial Indebtedness which is indexed and any accretion under any Index-Linked Hedging Transaction;</li> <li>(d) excluding any un-crystallised mark to market amount relating to any Hedging Agreement (other than Hedging Agreements having the commercial effect of annuity</li> </ul>

	<p>payments); and</p> <p>(e) excluding any amounts owing between members of the Group;</p> <p>(f) less (i) Cash of the Group; and (ii) Authorised Investments of the Group,</p> <p>where “<b>FX Rate</b>” means, in relation to the amounts referred to in this definition:</p> <p>(i) if hedged pursuant to a Treasury Transaction, the exchange rate specified therein; and</p> <p>(ii) if not hedged, the spot rate of exchange for the purchase of the relevant currency with sterling in the London foreign exchange market at or about 11:00 a.m. on the date of such calculation;</p>
<b>MidCo Operating Accounts</b>	the Transaction Account, the Issuer Transaction Account and the PledgeCo Current Account, each as referred to in the Account Bank Agreement;
<b>MidCo RAR</b>	in respect of any Calculation Date the ratio of MidCo Net Debt to RAV in respect of that Calculation Date;
<b>MidCo Sub-Group</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Other Finance Documents – Tax Deed of Covenant</i> ”;
<b>MidCo Sub-Group Company</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Other Finance Documents – Tax Deed of Covenant</i> ”;
<b>MidCo/GasD OpCo Loan Agreement</b>	any loan agreement to be entered into between MidCo and GasD OpCo;
<b>MIFID II</b>	has the meaning given to that term in the section “ <i>Prohibition on Sales to EEA Retail Investors</i> ”;
<b>Minimum Long-term Rating</b>	<p>(a) in respect of (i) any person, such person’s long-term unsecured and unsubordinated debt obligations being rated; or (ii) any instrument, such instrument being rated, in the case of Moody’s, “Baa1”; in the case of S&amp;P, “BBB+”; and, in the case of Fitch, “BBB+” or their respective equivalent from time to time; or</p> <p>(b) in respect of any person or instrument, such lower rating levels notified in writing by MidCo to the Security Trustee which, in the opinion of MidCo having discussed with the relevant Rating Agencies, would not lead to any downgrade or the placing on credit watch negative (or equivalent) of the then current ratings ascribed to any Tranche of Notes,</p> <p>provided that, in each case, no rating shall be required from any such Rating Agency that is not then rating the Notes;</p>
<b>Minimum Short-term Rating</b>	<p>(a) in respect of (i) any person, such person’s short term unsecured and unsubordinated debt obligations being rated; or (ii) any instrument, such instrument being rated, in the case of Moody’s, “Prime-2”; in the case of S&amp;P, “A-2”; and, in the case of Fitch, “F2” or their respective equivalents from time to time; or</p>

	(b) in respect of any person or instrument, such lower rating levels notified in writing by MidCo to the Security Trustee which, in the opinion of MidCo having discussed with the relevant Rating Agencies, would not lead to any downgrade or the placing on credit watch negative (or equivalent) of the then current ratings ascribed to any Tranche of Notes,
	provided that, in each case, no rating shall be required from any such Rating Agency that is not then rating the Notes;
<b>Modification Certificate</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – Specific Consent Matters – Consequential Amendments, Consents and Waivers</i> ”;
<b>Moody’s</b>	has the meaning given to that term on the cover page;
<b>MTN Agency Agreement</b>	has the meaning given to that term in the Terms and Conditions of the MTN Notes;
<b>MTN Calculation Agents</b>	has the meaning given to that term in the Terms and Conditions of the MTN Notes;
<b>MTN Issuing and Paying Agent</b>	has the meaning given to that term in the Terms and Conditions of the MTN Notes;
<b>MTN Noteholder</b>	has the meaning given to that term in the Terms and Conditions of the MTN Notes;
<b>MTN Notes</b>	any Notes issued by the Issuer under the Programme other than US PP Notes;
<b>MTN Paying Agents</b>	has the meaning given to that term in the Terms and Conditions of the MTN Notes of the MTN Notes;
<b>MTN Principal Paying Agent</b>	Elavon Financial Services DAC, UK Branch;
<b>MTN Transfer Agent</b>	Elavon Financial Services DAC;
<b>Net Cash Flow</b>	(a) in respect of any historical financial ratios, consolidated operating profit before taxation as shown in MidCo’s Financial Statements: <ul style="list-style-type: none"> <li>(i) before deducting any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised;</li> <li>(ii) after adding back any amount attributable to the amortisation, depreciation or impairment of assets of members of the Group during that period (taking no account of any reversal of any previous impairment charge made for that period);</li> <li>(iii) before taking into account any gain arising from the direct or indirect acquisition of any debt or debt instrument issued by the Group at a discount to par;</li> <li>(iv) before taking into account any unrealised gains or losses on any derivative instrument (other</li> </ul>

- than any derivative instrument which is accounted for on a hedge accounting basis);
- (v) before taking into account any gain or loss arising from an upward or downward revaluation of any other asset (other than in the ordinary course of trading);
  - (vi) including insurance proceeds related to business interruption, third-party liability or similar insurance (to the extent that the relevant loss, costs or liability would otherwise reduce the consolidated operating profit of the Group);
  - (vii) before taking into account any Exceptional Items including: (a) all fees, costs and expenses, stamp, registration and other taxes in connection with the acquisition of OpCo and PropCo or the financing of the MidCo Group payable on or about the Closing Date; and (b) all fees, costs and expenses, stamp, registration and other taxes in connection with the incurrence of Permitted Financial Indebtedness after the Closing Date;
  - (viii) plus or minus the Group's shares of the profits or losses (after finance costs and tax of Non-Group Entity);
  - (ix) deducting Pensions Deficit Repair Charges;
  - (x) deducting corporation tax paid or due and payable except for amounts being contested in good faith by any member of the Group and adding the amount of any cash receipts in respect of any tax rebates or credits;
  - (xi) adding the amount of any increase in provisions, other non cash debits and other non cash charges (which are not Current Assets or Current Liabilities) and deducting the amount of any non cash credits (which are not Current Assets or Current Liabilities);
  - (xii) adding the amount of any decrease (and deducting the amount of any increase) in Working Capital;
  - (xiii) adding (to the extent not already taken into account in determining the above) the amount of any dividends or other profit distributions received in cash by any member of the Group during that Relevant Period from any entity which is itself not a member of the Group;
  - (xiv) adding the amount of any cash paid to a member of the Group in the Relevant Period that

represents repayment of any loan made to a Joint Venture; and

and so that no amount shall be added (or deducted) more than once; and

- (b) in respect of any forward-looking financial ratios, anticipated consolidated operating profit before taxation:
- (i) before deducting any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether anticipated to be paid, payable or capitalised;
  - (ii) after adding back any amount anticipated to be attributable to the amortisation, depreciation or impairment of assets of members of the Group during that
  - (iii) period (taking no account of any reversal of any previous impairment charge made for that period);
  - (iv) before taking into account any anticipated gain arising from the direct or indirect acquisition of any debt or debt instrument issued by the Group at a discount to par;
  - (v) before taking into account any anticipated unrealised gains or losses on any derivative instrument (other than any derivative instrument which is accounted for on a hedge accounting basis);
  - (vi) before taking into account any anticipated gain or loss arising from an upward or downward revaluation of any other asset (other than in the ordinary course of trading);
  - (vii) including insurance proceeds anticipated to be received related to business interruption, third-party liability or similar insurance (to the extent that the relevant loss, costs or liability would otherwise reduce the consolidated operating profit of the Group);
  - (viii) before taking into account any anticipated Exceptional Items including (a) all fees, costs and expenses, stamp, registration and other taxes in connection with the acquisition of OpCo and PropCo or the financing of the MidCo Group payable on or about the Closing Date; and (b) all fees, costs and expenses, stamp, registration and other taxes in connection with the incurrence of Permitted Financial Indebtedness after the Closing Date;

- (ix) plus or minus the Group's anticipated shares of the profits or losses (after finance costs and tax of Non-Group Entity);
- (x) adding the amount of any cash receipts (and deducting the amount of any cash payments) during that Relevant Period in respect of any Exceptional Items not already taken account of above;
- (xi) deducting anticipated Pensions Deficit Repair Charges;
- (xii) deducting corporation tax anticipated to be paid or due and payable except for amounts being contested in good faith (which shall exclude payments in respect of a Permitted Tax Loss Transaction that are settled not in cash but by way of adjustment to an amount outstanding in respect of any Subordinated Debt) by any member of the Group and adding the amount of any anticipated cash receipts in respect of any tax rebates or credits;
- (xiii) adding the anticipated amount of any increase in provisions, other non cash debits and other non cash charges (which are not Current Assets or Current Liabilities) and deducting the anticipated amount of any non cash credits (which are not Current Assets or Current Liabilities);
- (xiv) adding the anticipated amount of any decrease (and deducting the amount of any increase) in Working Capital;
- (xv) adding (to the extent not already taken into account in determining the above) the anticipated amount of any dividends or other profit distributions received in cash by any member of the Group during that Relevant Period from any entity which is itself not a member of the Group;
- (xvi) adding the anticipated amount of any cash paid to a member of the Group in the Relevant Period that represents repayment of any loan made to a Joint Venture;

and so that no amount shall be added (or deducted) more than once;

**Net Interest Service**

in respect of any period for which it is being calculated, the Interest Service for that period minus the Interest Receivable for that period;

**Net Gain**

has the meaning given to that term in Condition 5.10 (*Swap Breakage*) of the US PP Notes;

<b>Net Loss</b>	has the meaning given to that term in Condition 5.10 ( <i>Swap Breakage</i> ) of the US PP Notes;
<b>New Obligor</b>	has the meaning given to in the relevant Accession Memorandum;
<b>New Secured Creditor</b>	has the meaning given to it in the relevant Accession Memorandum;
<b>New Swap Agreement</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>New Zealand dollars</b>	has the meaning given to that term in the section “ <i>Important Notices</i> ”;
<b>NGHO</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Other Finance Documents – Tax Deed of Covenant</i> ”;
<b>NGHO Group</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Other Finance Documents – Tax Deed of Covenant</i> ”;
<b>NGN</b>	has the meaning given to that term on the cover page;
<b>Nominee Register</b>	has the meaning given to that term in Condition 9.1 ( <i>Registration of Notes</i> ) of the US PP Notes;
<b>Non-Base Currency</b>	a currency other than pounds sterling;
<b>Non-Group Entity</b>	any investment or entity (which is not itself a member of the Group (including associates and Joint Ventures)) in which any member of the Group has an ownership interest;
<b>Non-Renewing DSR Liquidity Facility Provider</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Additional Resources Available – DSR Liquidity Facilities – Renewal</i> ”;
<b>Non-Swapped Note</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Non-Swapped Reinvestment Yield</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Note Documents</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Note Equity Cure Amount</b>	has the meaning given to that term in Condition 5.5 ( <i>Payments in Connection with Equity Cure of Financial Covenants</i> ) of the US PP Notes;
<b>Note Purchase Agreement</b>	the Initial Note Purchase Agreement and any other note purchase agreement pursuant to which MidCo or the Issuer issues PP Notes from time to time;
<b>Note Trust Deed</b>	has the meaning given to that term in the Terms and Conditions of the MTN Notes;
<b>Note Trustee</b>	has the meaning given to that term in the Terms and Conditions of the MTN Notes;
<b>Note Trustee Appointee</b>	any attorney, manager, agent, delegate, nominee, custodian or other person appointed by the Note Trustee under the Note Trust Deed;
<b>Noteholder</b>	each MTN Noteholder and each US PP Noteholder;

<b>Noteholder Sanctions Event</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Notes</b>	has the meaning given to that term on the cover page;
<b>Obligors</b>	the Issuer, MidCo and PledgeCo;
<b>OFAC</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>OFAC Sanctions Program</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Officer's Certificate</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Official List</b>	has the meaning given to that term on the cover page;
<b>Offsetting Transaction</b>	has the meaning given to that term in the section " <i>Overview of the Financing Agreements – Additional Resources Available – Hedging – Hedging Policy</i> ";
<b>OpCo</b>	Cadent Gas Limited;
<b>OpCo Base Prospectus</b>	has the meaning given to that term in the section " <i>Documents Incorporated by Reference</i> ";
<b>Operating Accounts</b>	each account of OpCo and its Subsidiaries including any sub-account and any replacement account from time to time;
<b>Original Shareholder</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Original Swap Agreement</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Other Connection Taxes</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Other Finance Document</b>	has the meaning given to that term in the section " <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – Reserved Matters</i> "
<b>Outsourcing Agreement</b>	any agreement (other than (i) the Transitional Services Agreement or (ii) any other agreement entered into in accordance with a Structure Memorandum) pursuant to which OpCo sub-contracts, tenders or outsources either the day to day operation of its assets, business services and service delivery (including any maintenance expenditure) or acquires technical know-how and access to other Intellectual Property Rights in relation to gas distribution and transportation services that, in the case of any outsourcing OpCo could, if not outsourced, perform itself;
<b>Outstanding Principal Amount</b>	as at any date that the same falls to be determined: <ul style="list-style-type: none"> <li>(a) in respect of the Notes, the principal amount outstanding (or the Equivalent Amount) of such Notes;</li> <li>(b) in respect of any PP Notes, the principal amount outstanding (or the Equivalent Amount) of such PP Notes;</li> <li>(c) in respect of each MidCo Hedging Transaction arising under a MidCo Hedging Agreement: <ul style="list-style-type: none"> <li>(i) in respect of which an Early Termination Date</li> </ul> </li> </ul>

(as defined in the relevant MidCo Hedging Agreement) has been designated, the amount (if any) outstanding to the relevant MidCo Hedge Counterparty following such termination (as calculated in accordance with the terms of the MidCo Hedging Agreement); or

- (ii) if the MidCo Hedge Counterparty is otherwise entitled under the relevant MidCo Hedging Agreement and the Common Documents to designate an Early Termination Date (as defined in the relevant MidCo Hedging Agreement), the Equivalent Amount as calculated by the MidCo Hedge Counterparty and notified in writing by the MidCo Hedge Counterparty to the Security Trustee (representing the mark to market value of any MidCo Hedging Transactions arising under such MidCo Hedging Agreement) of the amount (if any) which would be payable to the relevant MidCo Hedge Counterparty if any Early Termination Date (as defined in the relevant MidCo Hedging Agreement) was designated on such date;

- (d) in respect of any other Secured Liabilities, the Equivalent Amount of the outstanding principal amount of such Secured Liabilities on such date in accordance with the relevant Finance Documents,

all as most recently certified or notified to the Security Trustee, pursuant to clause 12.1 (*Notification of Outstanding Principal Amount of Qualifying Secured Debt*) of the STID;

**Out-turn Inflation**

in respect of any period for which the relevant indices have been published, the actual inflation rate (or rates) applicable to such period determined by reference to movements in any applicable index (or indices) as specified by the Regulator from time to time;

**Overhedged Position**

has the meaning given to that term in the section "*Overview of the Financing Agreements – Additional resources Available – Hedging – Hedging Policy*";

**Overpayment**

any amount recovered from customers by OpCo in respect of any financial year in excess of any limit prescribed by the Regulator in respect of such period;

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has the meaning given to that term in Condition 4.3.5 (*Definitions*) of the MTN Notes;

**Payment Date**

each date on which a payment is made or is scheduled to be made by an Obligor in respect of any obligations or liability under any Secured Debt;

**Payment Priorities**

has the meaning given to that term in the section "*Overview of the Financing Agreements – Common Terms Agreement – Cash Management – Accounts*";

**Pensions Deficit Repair Charges**

any amounts relating to charges attributable to the repair of

	any deficit with respect to a post-employment benefit scheme
<b>Pensions Letter of Credit</b>	any letters of credit issued by banks at the request of OpCo to satisfy the obligations under an agreement, dated 10 June 2016, between, among others, OpCo and the trustee of the National Grid UK Pension Scheme;
<b>Periodic Review</b>	any review of gas distribution price controls conducted by the Regulator from time to time;
<b>Periodic Review Effective Date</b>	the date from which the new gas distribution price controls determined by a Periodic Review shall take effect;
<b>Periodic Review Period</b>	the period commencing on a Periodic Review Effective Date and ending on the date which is one day before the next Periodic Review Effective Date
<b>Permanent Dealers</b>	has the meaning given to that term in the section “ <i>Overview of the Programme – Principal Dealers</i> ”;
<b>permanent Global Note</b>	has the meaning given to that term on the cover page;
<b>Permitted Acquisition</b>	<ul style="list-style-type: none"> <li>(a) an acquisition of an asset sold, leased or transferred or otherwise disposed of by a member of the Group in circumstances constituting a Permitted Disposal;</li> <li>(b) an acquisition of shares or securities pursuant to a Permitted Share Capital Transaction;</li> <li>(c) the acquisition of any Secured Debt pursuant to any debt buyback subject to the terms of the CTA and the STID;</li> <li>(d) in the case of the MidCo Group, an acquisition of securities which are Authorised Investments so long as those Authorised Investments become subject to the Security Documents as soon as reasonably practicable thereafter;</li> <li>(e) the incorporation of a company or the acquisition of a newly incorporated shelf company by a member of the GasD OpCo Group which on incorporation becomes a member of the GasD OpCo Group, but only if: <ul style="list-style-type: none"> <li>(i) that company is incorporated with limited liability;</li> <li>(ii) in the case of the shares in the company that are owned by an Obligor, a Security Interest over the shares of that company, in form and substance satisfactory to the Security Trustee (acting reasonably), is created in favour of the Secured Creditors within 30 days of the date of its incorporation; and</li> <li>(iii) in the case of an acquisition of a newly incorporated shelf company, the shares in that shelf company are fully paid;</li> </ul> </li> <li>(f) an acquisition from any member of the GasD OpCo Group;</li> <li>(g) in respect of OpCo only, an acquisition that is not prohibited under the terms of the Licence;</li> </ul>

- (h) in the case of a member of the GasD OpCo Group, an acquisition (including Authorised Investments), but not of any company or shares therein, partnership, Joint Venture), made on arm's length terms in the ordinary course of trade;
- (i) an acquisition of:
  - (i) any company, or shares in any company, or any Joint Venture, the principal business of which is Permitted Business;
  - (ii) any interest in a partnership the principal business of which is Permitted Business;
  - (iii) any asset for use in connection with the Permitted Business;
- (j) in the case of OpCo, an acquisition of assets required to replace surplus, obsolete, worn-out, damaged or destroyed assets which in the reasonable opinion of OpCo are necessary or desirable for the efficient operation of its Business;
- (k) in the case of OpCo, an acquisition of assets (but not of any company or shares therein, partnership or Joint Venture) made on arm's length terms entered into for bona fide commercial purposes;
- (l) in the case of OpCo, all contracts entered into by OpCo from time to time in relation to supplies of electricity, gas or water;
- (m) an acquisition by a member of the GasD OpCo Group of an asset (or any replacement or upgrade thereof) sold, leased, transferred or otherwise disposed of by another member of the GasD OpCo Group in circumstances constituting a Permitted Disposal;
- (n) the incorporation of a limited liability company or the purchase of shares in an off the shelf limited liability company which becomes an Obligor by acceding to the Security Agreement, the CTA and the STID;
- (o) in the case of OpCo, an acquisition (including of any shares in a company) made in connection with a Permitted Joint Venture;
- (p) an acquisition by any member of the Group which is a Holding Company of any share capital of any of its direct Subsidiaries;
- (q) any acquisition of tax losses or other benefit or interest pursuant to a Permitted Tax Loss Transaction;
- (r) any acquisition arising pursuant to a Permitted Transaction;
- (s) (save as provided in paragraph 2 (*No Debt Repurchase*) of Part 2 (*Trigger Event Consequences*) of Schedule 3 (*Trigger Events*) to the CTA, the acquisition of any Financial Indebtedness of the Group (including the Notes and the Existing GasD OpCo

Bonds) provided that any such acquisition is made in good faith for bona fide commercial purposes;

- (t) in the case of PropCo, an acquisition of any interest in (or licence over) land or any other real property or any asset connected with such an interest in (or licence over) land or other real property (including any assets which are situated on, form part of, or are used in connection with the land or real property);
- (u) an acquisition made with the consent of the Security Trustee; and
- (v) any acquisition expressly set out in a Structure Memorandum,

in each case to the extent that such acquisition would not contravene the Licence, the GA or any requirement under the Licence or the GA;

#### **Permitted Business**

- (a) in the case of OpCo, the Appointed Business and any Permitted Non-Appointed Business; and
- (b) in the case of each other member of the Group,
  - (i) the business undertaken by it as at the Closing Date;
  - (ii) any business permitted under the terms of the Finance Documents; and
  - (iii) any other new business undertaken after 21 March 2017 by a member of the GasD OpCo Group with the approval of the Security Trustee, acting reasonably at its sole discretion or at the direction of the Majority Creditors;

#### **Permitted Disposal**

any sale, lease, licence, transfer or other disposal which:

- (a) in the case of a member of the GasD OpCo Group, is on arm's length terms of trading stock or cash in the ordinary course of trading of the disposing entity;
- (b) of any asset by one member of the Group to another but only if: (i) the disposing entity had given a Security Interest over the asset; (ii) the acquiring company must give an equivalent Security Interest over that asset; and (iii) if the disposing entity is an Obligor, the acquiring company must be or become an Obligor within 15 Business Days of such disposal;
- (c) any disposal by a member of the Group compulsorily required by law or regulation having the force of law or any order of any government entity made thereunder and having the force of law;
- (d) is made in the ordinary course of trading of the disposing entity or in connection with an arm's length transaction entered into for bona fide commercial purposes to provide a benefit for the Business;
- (e) is of assets, undertakings or business in exchange for other assets for use in the ordinary course of business of the disposing entity;

- (f) would not result in the GasD OpCo RAR, calculated for the most recent Calculation Date (adjusted on a pro forma basis to take into account the proposed disposal), being more than 0.65:1;
- (g) in the case of OpCo, is a disposal for cash on arm's length terms of any surplus or obsolete or worn-out assets which, in the reasonable opinion of OpCo or its Subsidiary (as the case may be), are not necessary or desirable for the efficient operation of its Business and which does not cause a Trigger Event under paragraph 1 (*Financial Ratios*) of Part 1 (*Trigger Events*) of Schedule 3 (*Trigger Events*) to the CTA;
- (h) in the case of OpCo, is a disposal made in connection with or to give effect to any outsourcing performed in accordance with Good Industry Practice;
- (i) is a disposal, surrender or allocation of tax losses or other benefit or interest pursuant to a Permitted Tax Loss Transaction;
- (j) in the case of OpCo, is a disposal made on arms' length terms of assets forming part of any business which is not Permitted Business;
- (k) in the case of a member of the MidCo Group, is a disposal of assets to another member of the MidCo Group or in the case of OpCo, is a disposal of assets to another member of the Group;
- (l) in the case of OpCo, is a disposal pursuant to any vehicle purchase or leasing arrangements;
- (m) in the case of OpCo, is a licence in respect of Intellectual Property Rights;
- (n) in the case of OpCo, is a disposal of assets to a partnership of a Permitted Joint Venture made on arm's lengths terms entered into for bona fide commercial purposes in furtherance of OpCo's statutory and regulatory obligations;
- (o) is a disposal of cash or Authorised Investments for cash or for other Authorised Investments;
- (p) the application or disposal of cash permitted by the Common Documents;
- (q) in the case of OpCo or PropCo, is a disposal in the ordinary course of its business of real estate at market value whether or not involving payment of consideration to third parties for them to assume the related leasehold obligations;
- (r) in the case of OpCo, is a disposal of obsolete interests in land formerly used for operational purposes in the ordinary course of its business for nil consideration;
- (s) in the case of OpCo, is a disposal of obsolete or redundant assets where the cost of recovery would exceed their scrap value, by abandoning them in the ground;

- (t) in the case of OpCo, is a disposal of scrap for cash consideration where there is a willing third party buyer or for nil consideration where there is not;
- (u) to a Permitted Joint Venture;
- (v) arising as a result of any Permitted Security Interest;
- (w) any other payment or disposal arising pursuant to a Permitted Transaction;
- (x) any other payment or disposal consented to by the Security Trustee in accordance with the instructions of the Majority Creditors;
- (y) in the case of MidCo, a disposal of all or part of the share capital in PropCo on arm's length terms; and
- (z) any other payment or disposal expressly set out in a Structure Memorandum;

**Permitted Emergency Action**

any remedial action taken by OpCo during an Emergency, which is in accordance with the policies, standards and procedures to the emergency planning manual of OpCo (as amended from time to time) the Regulator guidance notes and Public Procurement Rules and which OpCo considers necessary and which continues only so long as is required to remedy the Emergency but in any event not longer than 28 days or such longer period as agreed by OpCo and the Security Trustee;

**Permitted Enforcement Action**

has the meaning given to that term in the section "*Risk Factors – Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme – Risks related to Notes generally – Noteholders' rights subject to the STID*";

**Permitted Existing Pension Scheme**

means each of the National Grid UK Pension Scheme and the National Grid YouPlan and any successor pension scheme in relation to which OpCo is a participating employer from time to time in accordance with the provisions of the Finance Documents;

**Permitted Financial Indebtedness**

- (a) any Financial Indebtedness of OpCo and its Subsidiaries and PropCo existing as at the Closing Date; and
- (b) any Financial Indebtedness arising pursuant to a Permitted Transaction;
- (c) the following Financial Indebtedness which is subject to the Additional Indebtedness Test:
  - (i) in the case of the Issuer and MidCo, debt under the issue of one or more Tranche of Notes or further debt under PP Notes;
  - (ii) in the case of MidCo and the Issuer, further debt under any Authorised Credit Facilities (provided that the Authorised Credit Facility Providers in respect thereof have acceded to the CTA and the STID); or
  - (iii) in the case of any member of the GasD OpCo

Group, any Financial Indebtedness the incurrence of which does not breach the Licence;

(together, “**Additional Debt**”), in each case that will have the effect of increasing MidCo RAR and/or Adjusted ICR;

- (d) the following Financial Indebtedness which is not subject to the Additional Indebtedness Test:
  - (i) in the case of MidCo, further debt under any DSR Liquidity Facility;
  - (ii) in the case of PropCo, Financial Indebtedness incurred pursuant to a disposal, lease, licence or other transfer in connection with any interest in (or licence over) land or any other real property or any asset connected with such an interest in (or licence over) land or other real property (including any assets which are situated on, form part of, or are used in connection with the land or real property);
  - (iii) any Additional Debt which is raised for the purpose of refinancing existing Financial Indebtedness, the incurrence of which will not have the effect of increasing MidCo RAR; and
  - (iv) in the case of any member of the Group:
    - (A) Financial Indebtedness incurred under a Treasury Transaction provided that such Treasury Transaction is (to the extent applicable) entered into in compliance with paragraph 7 (*Hedging*) of part B1 (*Negative Undertakings*) of Part 2 (*General Covenants*) of Schedule 1 (*Covenants*) to the CTA;
    - (B) any Financial Indebtedness owed or loaned to any other member of the Group as permitted by the Finance Documents;
    - (C) any Subordinated Debt;
    - (D) such other Financial Indebtedness incurred by any member of the Group with the consent of the Security Trustee;
  - (v) any unsecured Financial Indebtedness provided that, the aggregate unsecured Financial Indebtedness of the MidCo Group does not exceed the greater of (i) 0.30 per cent. of RAV; or (ii) £50 million (indexed) at any time; and
- (e) in the case of OpCo only:
  - (i) any Bankers Automated Clearing System (BACS) or other similar or equivalent payment

mechanism indebtedness owed to any bank of which it is a customer and which provides payment clearing services to it;

- (ii) the amount of any liability under an advance or deferred purchase agreement unless either (A) one of the primary reasons behind entering into the agreement is to raise finance; or (B) the relevant payment is advanced or deferred for a period in excess of 90 days;
- (iii) Financial Indebtedness constituting refundable customer contributions in the form of payments from developers to OpCo in the ordinary course of business in respect of capital upgrades to the network carried out by such developers which OpCo is required to refund to such developers in the event that the developers meet the load targets specified for such upgrades to the network); and
- (iv) Financial Indebtedness consisting of refundable customer deposits in the form of payments from gas suppliers to OpCo in the ordinary course of business in respect of ensuring sufficient credit cover is in place to meet the industry arrangements for the time being in force;

**Permitted Hedge Termination**

termination of a Hedging Agreement in accordance with that Hedging Agreement subject always to the provisions of the Hedging Policy;

**Permitted Investment**

an investment in a Permitted Business, which does not contravene the Licence, is made on arm's length terms entered into for bona fide commercial purposes and is consistent with OpCo's statutory and regulatory obligations or any investment which in the reasonable opinion of OpCo is required for the regular repair and maintenance of its existing assets or to replace obsolete, worn out, damaged or destroyed assets including the upgrade or replacement of IT systems which in the reasonable opinion of OpCo is required for the efficient operation of its Permitted Business;

**Permitted Joint Venture**

any investment in, any financing, development, design, carrying out and management by or on behalf of any member of the GasD OpCo Group of any Joint Venture which is:

- (a) in the case of OpCo, pursuant to the Xoserve Agreement;
- (b) in the case of OpCo and PropCo, a new Joint Venture in relation to which the aggregate liabilities of OpCo (when taken together with the liabilities of OpCo under any other Permitted Joint Ventures) do not exceed the greater of (i) 0.5 per cent. of RAV; or (ii) £75 million (indexed);

	<ul style="list-style-type: none"> <li>(c) in the case of OpCo, a new Joint Venture necessary or desirable for the operation of its Appointed Business; or</li> <li>(d) a new Joint Venture to which the Security Trustee has consented (such consent not to be unreasonably withheld),</li> </ul> <p>in each case, the operation by or on behalf of any member of the GasD OpCo Group of that Joint Venture being otherwise in accordance with the CTA;</p>
<b>Permitted Non-Appointed Business</b>	any business undertaken by OpCo other than Appointed Business in accordance with the provisions of the Licence (including any business undertaken by OpCo with the consent of the Regulator);
<b>Permitted Non-Appointed Business Income</b>	income received by OpCo pursuant to its Permitted Non-Appointed Business;
<b>Permitted Non-Appointed Business Limits</b>	in respect of Permitted Non-Appointed Business, means that Permitted Non-Appointed Business Income during the current Financial Year and, if applicable, the immediately two preceding Financial Years does not exceed 2.5 per cent. of OpCo's aggregate income during such Financial Years;
<b>Permitted Payments</b>	<ul style="list-style-type: none"> <li>(a) the application of moneys credited to the MidCo Operating Accounts in accordance with the Payment Priorities;</li> <li>(b) in the case of a member of the GasD OpCo Group, payments pursuant to and in accordance with any contracts entered into with any other person in the ordinary course of business in compliance with the Common Documents;</li> <li>(c) payments pursuant to a Permitted Tax Loss Transaction;</li> <li>(d) provided that no Event of Default is outstanding, a payment or payments of management fees, auditors' fees and/or holding company expenses of up to £1 million indexed) (or equivalent) in aggregate per Financial Year; and</li> <li>(e) payments from OpCo, PropCo or FinCo to the MidCo Group;</li> </ul>
<b>Permitted Security Interest</b>	<ul style="list-style-type: none"> <li>(a) created by any member of the Group: <ul style="list-style-type: none"> <li>(i) a Security Interest created under the Security Documents or contemplated or permitted by the Common Documents;</li> <li>(ii) any Security Interest specified in Schedule 6 (<i>Cash Management</i>) to the CTA, if the principal amount thereby secured is not increased;</li> <li>(iii) a Security Interest comprising a netting or set off arrangement entered into by a member of the Group in the ordinary course of its banking arrangements;</li> <li>(iv) a right of set off, banker's liens or the like arising</li> </ul> </li> </ul>

- by operation of law or by contract by virtue of the provision of any overdraft facility and like arrangements arising as a consequence of entering into arrangements on the standard terms of any bank providing an overdraft;
- (v) any Security Interest arising under statute or by operation of law in favour of any government, state or local authority in respect of taxes, assessments or government charges which are being contested by the relevant member of the Group in good faith and with a reasonable prospect of success;
  - (vi) any Security Interest created in respect of any pre-judgment legal process or any judgment or judicial award relating to security for costs, where the relevant proceedings are being contested in good faith by the relevant member of the Group by appropriate procedures and with a reasonable prospect of success;
- (b) created by any member of the GasD OpCo Group, MidCo or the Issuer:
- (i) any Security Interest comprising a netting or set-off arrangement entered into under any Hedging Agreement entered into in accordance with the Hedging Policy where the obligations of other parties thereunder are calculated by reference to net exposure thereunder (but not any netting or set-off relating to such Hedging Agreement in respect of cash collateral or any other Security Interest except as otherwise permitted hereunder);
  - (ii) a lien arising under statute or by operation of law (or by agreement having substantially the same effect) in the ordinary course of business provided that such lien is discharged within 30 days of any member of the Group becoming aware that the amount owing in respect of such lien has become due;
  - (iii) a lien in favour of any bank over goods and documents of title to goods arising in the ordinary course of documentary credit transactions entered into in the ordinary course of trade;
  - (iv) a Security Interest created over shares and/or other securities acquired in accordance with the CTA held in any clearing system or listed on any exchange which arise as a result of such shares and/or securities being so held in such clearing system or listed on such exchange as a result of

- the rules and regulations of such clearing system or exchange;
- (v) a Security Interest approved by the Security Trustee, the holder of which has become a party to the STID;
- (c) created by OpCo which is:
- (i) a Security Interest over or affecting any asset acquired on arm's length terms after the Closing Date and subject to which such asset is acquired, if:
    - (A) such Security Interest was not created in contemplation of the acquisition of such asset;
    - (B) the amount thereby secured has not been increased in contemplation of, or since the date of, the acquisition of such asset by a member of the Group as permitted by the Finance Documents; and
    - (C) unless such Security Interest falls within any of paragraphs (iv) to (vii) below (I) such Security Interest is removed or discharged within six months of the date of acquisition of such asset; or (II) the holder thereof becomes party to the STID;
  - (ii) a Security Interest arising in the ordinary course of business and securing amounts not more than 90 days overdue or if more than 90 days overdue, the original deferral was not intended to exceed 90 days and such amounts are being contested in good faith;
  - (iii) a Security Interest arising under or contemplated by any finance leases, hire purchase agreements, conditional sale agreements or other agreements for the acquisition of assets on deferred purchase terms;
  - (iv) a right of set off existing in the ordinary course of trading activities between OpCo and its suppliers or customers (including, but not limited to any existing or future bulk gas transportation contracts, or any existing or future gas or electricity supply contracts);
  - (v) a Security Interest arising on rental deposits in connection with the occupation of leasehold premises in the ordinary course of business;
  - (vi) any retention of title arrangements entered into by OpCo in the ordinary course of business;
  - (vii) any netting/set-off arrangements in the ordinary

course of banking arrangements for netting debit and credit balances of OpCo and its Subsidiaries;

- (viii) in the case of PropCo, any Security Interest over or affecting any interest in (or licence over) land or any other real property or any asset connected with such an interest in (or licence over) land or other real property (including any assets which are situated on, form part of, or are used in connection with the land or real property);
- (ix) any Security interests arising in connection with any pension scheme of any member of the GasD OpCo Group; or
- (x) in addition to any Security Interests subsisting pursuant to the above, any other Security Interests provided that the aggregate principal amount secured by such other Security Interests does not at any time exceed 0.2 per cent. of RAV;

**Permitted Share Capital Transaction** has the meaning given to that term in the section “*Overview of the Financing Agreements – Common Terms Agreement – Covenants – General Covenants – Covenants of the Obligors*”;

**Permitted Share Pledge Acceleration** the acceleration of the respective claims of the Secured Creditors to the extent necessary to apply Proceeds of enforcement of the share charges or any other Security provided by PledgeCo but only to the extent that such accelerated claims would be discharged out of such Proceeds pursuant to the Payment Priorities;

**Permitted Subsidiary** the Subsidiaries of the Obligors as at the Closing Date, and any other direct or indirect Subsidiary of MidCo from time to time which is acquired by MidCo or by any of its Subsidiaries pursuant to a Permitted Acquisition and is notified in writing to the Security Trustee on or as soon as practicable after the date of such Permitted Acquisition;

**Permitted Tax Loss Transactions** has the meaning given to it in the Tax Deed of Covenant;

**Permitted Transaction**

- (a) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security or quasi-security given, or other transaction arising, under the Finance Documents;
- (b) the solvent liquidation or reorganisation of any member of the Group which is not an Obligor or OpCo so long as any payments or assets distributed as a result of such liquidation or reorganisation are distributed to other members of the Group;
- (c) in the case of PropCo, any disposal, sale, lease, licence or other disposal and any purchase or other transfer or the granting or creation of Security in connection with

	<p>any interest in (or licence over) land or any other real property or any asset connected with such an interest in (or licence over) land or other real property (including any assets which are situated on, form part of, or are used in connection with the land or real property);</p> <p>(d) any Permitted Tax Loss Transaction;</p> <p>(e) the entry into, and any transactions expressly set out in the Transitional Services Agreement; or</p> <p>(f) any payments or other transactions expressly set out in a Structure Memorandum;</p>
<b>Person</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>PledgeCo</b>	Quadgas PledgeCo Limited;
<b>PledgeCo Current Account</b>	the current account of PledgeCo referred to in the Account Bank Agreement;
<b>Potential Event of Default</b>	any event which, with the lapse of time and/or the giving of any notice and/or the making of any determination (in each case where the lapse of time and/or giving of notice and/or determination is provided for in the terms of such Event of Default, and assuming no intervening remedy), would constitute an Event of Default;
<b>Potential Trigger Event</b>	any event which, with the lapse of time and/or the giving of any notice and/or the making of any determination (in each case where the lapse of time and/or giving of notice and/or determination is provided for in the terms of such Trigger Event, and assuming no intervening remedy or waiver), would become a Trigger Event;
<b>PP Note Documents</b>	the Initial Note Purchase Agreement, any other Note Purchase Agreement and each of the relevant PP Notes;
<b>PP Noteholder</b>	certain financial institutions listed in Part 3 ( <i>Initial PP Noteholders</i> ) of Schedule 2 ( <i>Financial Institutions</i> ) of the MDA as original noteholders under the Initial PP Notes;
<b>PP Notes</b>	means the Initial PP Notes and any other privately placed notes issued by any Obligor (other than PledgeCo) from time to time under and pursuant to a Note Purchase Agreement;
<b>Pricing Supplement</b>	has the meaning given to that term on the cover page;
<b>Principal Financial Centre</b>	has the meaning given to that term in Condition 4.2.3 ( <i>Rate of Interest for Floating Rate Notes</i> ) of the MTN Notes;
<b>PRIPs Regulation</b>	has the meaning given to that term in the section " <i>Prohibition on Sales to EEA Retail Investors</i> ";
<b>Pro Rata Prepayment Mechanic</b>	the mechanic set out in Schedule 15 ( <i>Pro Rata Prepayment Mechanic</i> ) to the CTA;
<b>Proceedings</b>	<p>(a) for the purpose of the Terms and Conditions of the MTN Notes, has the meaning given in Condition 18 (<i>Governing Law and Jurisdiction</i>) of the MTN Notes; and</p> <p>(b) otherwise, has the meaning given to that term in the section "<i>Overview of the Financing Agreements –</i></p>

*Common Terms Agreement – Covenants – Information Covenants”;*

<b>Proceeds</b>	the aggregate of all receipts or recoveries by the Security Trustee or any receiver appointed by it pursuant to, or upon enforcement of, any of the rights under the STID and the other Security Documents relating to the Security after deducting (to the extent not already deducted or retained prior to such receipt or recovery by the Security Trustee) all sums which the Security Trustee is required under the Finance Documents or by applicable law to pay to any other person before distributing any such receipts or recoveries to any of the Secured Creditors;
<b>Programme</b>	has the meaning given to that term on the cover page and (x) in relation to the MTN Notes, in the Terms and Conditions of the MTN Notes; and (y) in relation to the US PP Notes, in the Terms and Conditions of the US PP Notes;
<b>Programme Documents</b>	has the meaning given to that term in the section “ <i>Overview of the Programme – MTN Note Documents</i> ”;
<b>PropCo</b>	Cadent Services Limited;
<b>Prospectus</b>	has the meaning given to that term on the cover page;
<b>Prospectus Directive</b>	Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a Member State of the European Economic Area);
<b>PSM</b>	has the meaning given to that term on the cover page;
<b>PSM Notes</b>	any Notes issued under the Programme which are listed on the Official List and admitted to trading on the PSM, other than US PP Notes;
<b>Public Procurement Rules</b>	public procurement rules of the United Kingdom affecting the gas distribution sector and including any jurisprudence of the courts of the United Kingdom and of the European Communities and decision of the European Commission in respect of such rules;
<b>Qualifying Secured Creditor</b>	(a) (other than the DSR Liquidity Facility Providers) in respect of an Authorised Credit Facility, the Authorised Credit Facility Providers under such Authorised Credit Facility; (b) a MidCo Hedge Counterparty in respect of any Voting Matter to take Enforcement Action under any Security Agreement and after the termination of a Standstill Period (other than due to a Standstill Remedy); and (c) the MTN Noteholders;
<b>Qualifying Secured Creditor Representative</b>	each Secured Creditor Representative in respect of a Qualifying Secured Creditor;
<b>Qualifying Secured Debt</b>	the aggregate Outstanding Principal Amount of Secured Debt provided by a Qualifying Secured Creditor;
<b>Quorum Requirement</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and</i>

*Intercreditor Deed – Voting Matters – Quorum Requirement for Voting Matters”;*

<b>Rate of Interest</b>	(x) in relation to the MTN Notes, has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes; (y) and in relation to the US PP Notes, has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Rated Debt</b>	for so long as they are outstanding, the Notes and any other Authorised Credit Facility in respect of which MidCo has agreed to use its reasonable endeavours to maintain a credit rating;
<b>Rating Agency</b>	Moody’s or S&P or any of their respective affiliates or successors or any rating agency substituted for any of them by the Issuer (or the Guarantor, as the case may be) from time to time;
<b>RAV</b>	in relation to any date: (a) the regulatory asset value in respect of OpCo as published in the latest Periodic Review in respect of the most recent 31 March (or such other definitive date within a Periodic Review period as may be set by the Regulator in respect of future Periodic Review periods) (in each case, a “ <b>Definitive Date</b> ”) provided that, (i) for any date falling from and excluding a Definitive Date to but excluding the next Definitive Date within a Periodic Review period, the regulatory asset value shall be OpCo’s good faith interpolation of its regulatory asset value based upon the regulatory asset value for each such Definitive Date; and (ii) for any date in respect of which there has been no final proposal by the Regulator, the regulatory asset value shall be OpCo’s good faith, present estimate of its regulatory asset value on the relevant date; plus (b) (without double counting) amounts of expenditure which have been logged up through a Recognised Ofgem Mechanism for subsequent recognition in the regulatory asset value in a future Periodic Review period, in each case as adjusted by Out-turn Inflation;
<b>Recognised Ofgem Mechanism</b>	any of: (i) any correction mechanism employed by the Regulator to adjust the Licence Income Limits for any previous over- or under- recovery against OpCo’s regulatory allowed revenue, including any income adjusting event exceeding the threshold determined from time to time by the Regulator; (ii) logging up of RAV, where the Regulator has approved the relevant expenditure; or (iii) any other similar mechanism as agreed from time to time between the Regulator and the OpCo;
<b>Redemption Amount</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Redemption Date</b>	has the meaning given to that term in Condition 5.1 ( <i>Definitions</i> ) of the MTN Notes;

<b>Reference Bank Rate</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Reference Banks</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Reference Gilt</b>	(x) in relation to the MTN Notes, has the meaning given to that term in Condition 5.1 ( <i>Definitions</i> ) of the MTN Notes; (y) and in relation to the US PP Notes, has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Reference Stock</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Registered Notes</b>	those of the Notes which are for the time being in registered form;
<b>Registrar</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Regulated Company</b>	a company appointed as a gas transporter under section 7 of the GA;
<b>Regulation D</b>	Regulation D under the Securities Act;
<b>Regulation S</b>	has the meaning given to such term in the Securities Act;
<b>Regulator</b>	the Gas and Electricity Markets Authority (“ <b>GEMA</b> ”), operating through its Secretariat, the Office of Gas and Electricity Markets (“ <b>Ofgem</b> ”) and any successors thereto;
<b>Regulatory Depreciation</b>	in relation to any period for which it is being calculated, the depreciation applied to the regulatory asset value of OpCo’s assets as determined by OpCo utilising the methodology used by the Regulator in determining Approved Regulatory Depreciation;
<b>Regulatory Test Period</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Common Terms Agreement – Covenants – General Covenants – Covenants of the Obligors</i> ”;
<b>Rejection Notice</b>	has the meaning given to that term in Condition 5.3 ( <i>Prepayment for Tax Reasons</i> ) of the US PP Notes;
<b>Related Fund</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>relevant clearing system</b>	has the meaning given to that term in the section “ <i>Overview of Provisions relating to Notes while in Global Form – Electronic Consent and Written Resolution</i> ”;
<b>Relevant Date</b>	has the meaning given in Condition 8 ( <i>Taxation</i> ) of the MTN Notes;
<b>Relevant Debt</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Common Terms Agreement – Covenants – General Covenants – Covenants of the Obligors</i> ”;
<b>Relevant Debt Percentage</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Common Terms Agreement – Covenants – General Covenants – Covenants of the Obligors</i> ”;

<b>Relevant Financial Centre</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Relevant Group</b>	means, in relation to any computation in respect of GasD OpCo Net Debt, the GasD OpCo Group (excluding PropCo), or, in relation to any computation in respect of MidCo Net Debt or any other context, the Group;
<b>Relevant Implementation Date</b>	has the meaning given to that term in the section “ <i>Plan of Distribution – Selling Restrictions – Public Offer Selling Restriction Under the Prospectus Directive</i> ”;
<b>Relevant Jurisdiction</b>	(other than in relation to the US PP Notes, where such term has the meaning given to in in Condition 16 ( <i>Definitions</i> ) of the US PP Notes) in relation to an Obligor: <ul style="list-style-type: none"> <li>(a) its jurisdiction of incorporation;</li> <li>(b) any jurisdiction where any asset subject to or intended to be subject to the Security to be created by it is situated; and</li> <li>(c) the jurisdiction whose laws govern the perfection of any of the Security Documents entered into by it;</li> </ul>
<b>Relevant Member State</b>	has the meaning given to that term in the section “ <i>Plan of Distribution – Selling Restrictions – Public Offer Selling Restriction Under the Prospectus Directive</i> ”;
<b>relevant month</b>	(x) in relation to the MTN Notes, has the meaning given to that term in Condition 5.3 ( <i>Changes in Circumstances Affecting the Index</i> ) of the MTN Notes; (y) and in relation to the US PP Notes, has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Relevant Period</b>	in respect of Adjusted ICR and in respect of all Calculation Dates (other than the Calculation Date falling in September 2017), the 12 month period ending on such Calculation Date and, in respect of the Calculation Date falling in September 2017, the 6 month period ending on such Calculation Date and on each Calculation Date falling on the last day of each Financial Year, the 12 month period commencing on the day after each such Calculation Date;
<b>Relevant Rate</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Relevant Termination Date</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Arrangements – Common Terms Agreement – Covenants – General Covenants – Covenants of the Obligors</i> ”;
<b>Relevant Time</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Remaining Average Life</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Remaining Scheduled Payments</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Remedial Plan</b>	any remedial plan agreed by MidCo and the Security Trustee under Part 2 ( <i>Trigger Event Consequences</i> ) of Schedule 3

	( <i>Trigger Events</i> ) to the CTA;
<b>Remedy Period</b>	has the meaning given to that term in the MDA;
<b>Replacement Expenditure</b>	the amount of expenditure attributable to replacement or refurbishment of assets which are at the end of their useful life due to their age or condition, or need to be replaced on safety or environmental grounds as approved by the Regulator in relation to the relevant Periodic Review Period;
<b>Replacement Swap Agreement</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Reported</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Representative Amount</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Required Balance</b>	on any day the aggregate of the next 18 months' interest and other finance charges (but excluding any indexation of principal) forecast to be due on the Secured Debt (after taking into account any Hedging Agreement then in place) as calculated by MidCo and notified to the Cash Manager;
<b>Required Holders</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Required US PP Holders</b>	(i) the holders of more than 50 per cent. in principal amount of the US PP Notes outstanding at the time; and (ii) in relation to any matter affecting only one Series of US PP Notes or in respect of any Entrenched Rights Matter, the holders of more than 50 per cent. in principal amount of the Notes outstanding at the time of such Series, in each case exclusive of US PP Notes then owned by the Issuer or any of its affiliates;
<b>Requisite Rating</b>	in respect of the rating of any DSR Liquidity Facility Provider, a short-term unsecured credit rating consistent with the target rating of the MTN Notes under the relevant Rating Agency criteria;
<b>Reserved Matters</b>	has the meaning given to it in Schedule 3 ( <i>Reserved Matters</i> ) to the STID;
<b>Restricted Payment</b>	in respect of a member of the Group, any payment (including any payments of distributions, dividends, bonus issues, return of capital, fees, interest, principal or other amounts whatsoever) (by way of loan or repayment of any loan or otherwise including any payment under any Subordinated Debt) (in cash or in kind) (a) to any direct or indirect affiliate of such company; or (b) to any person in respect of Subordinated Debt, in each case, other than Permitted Payments;
<b>Reuters</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Rights</b>	has the meaning given to that term in the section " <i>Overview of the Financing Arrangements – Security Trust and Intercreditor Deed – Enforcement</i> ";

<b>Rolling Hedging Test Period</b>	each rolling period of 8 years commencing initially from 31 March 2017 and thereafter from each following Calculation Date;
<b>RPI</b>	has the meaning given to that term in Condition 5.1 ( <i>Definitions</i> ) of the MTN Notes;
<b>RPI Index Figure</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>RPI Index Linked Notes</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>RPI Linked Notes</b>	has the meaning given to that term in the section “ <i>Overview of the Programme – Index Linked Notes</i> ”;
<b>S&amp;P</b>	has the meaning given to that term on the cover page;
<b>Sanctioning Authority</b>	in relation to the US PP Notes, has the meaning given to that term in the relevant Note Purchase Agreement;
<b>Sanctions</b>	in relation to the US PP Notes, has the meaning given to that term in the relevant Note Purchase Agreement;
<b>Sanctions List</b>	in relation to the US PP Notes, has the meaning given to that term in the relevant Note Purchase Agreement;
<b>Sanctions Prepayment Date</b>	has the meaning given to that term in Condition 5.4 ( <i>Illegality Prepayment Event</i> ) of the US PP Notes;
<b>Sanctions Prepayment Offer</b>	has the meaning given to that term in Condition 5.4 ( <i>Illegality Prepayment Event</i> ) of the US PP Notes;
<b>Sanctions Prepayment Response Date</b>	has the meaning given to that term in Condition 5.4 ( <i>Illegality Prepayment Event</i> ) of the US PP Notes;
<b>Sanctions Restricted Person</b>	in relation to the US PP Notes, has the meaning given to that term in the relevant Note Purchase Agreement;
<b>Screen Rate</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Second Hedging Transaction</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Additional resources Available – Hedging – Hedging Policy</i> ”;
<b>Secondary Tax Liability</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Other Finance Documents – Tax Deed of Covenant</i> ”;
<b>Secondary Tax Liability Provision</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Other Finance Documents – Tax Deed of Covenant</i> ”;
<b>Secured Creditor</b>	<ul style="list-style-type: none"> <li>(a) the Security Trustee (in its own capacity and on behalf of the other Secured Creditors);</li> <li>(b) the Note Trustee (in its own capacity and on behalf of the MTN Noteholders);</li> <li>(c) the MTN Noteholders;</li> <li>(d) the Senior Facility Providers;</li> <li>(e) the PP Noteholders;</li> <li>(f) the MidCo Hedge Counterparties;</li> <li>(g) the Account Banks;</li> </ul>

	<ul style="list-style-type: none"> <li>(h) the DSR Liquidity Facility Agents;</li> <li>(i) each DSR Liquidity Facility Provider and each other Authorised Credit Facility Provider;</li> <li>(j) the Cash Manager (other than when the Cash Manager is OpCo);</li> <li>(k) the Standstill Cash Manager;</li> <li>(l) each MidCo Agent; and</li> <li>(m) any Additional Secured Creditors,</li> </ul> <p>provided, in each case, that such person is party to or has acceded to the STID in accordance with the provisions thereof;</p>
<b>Secured Creditor Representatives</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – Secured Creditor Instructing Group</i> ”;
<b>Secured Debt</b>	<p>any financial accommodation that is, for the purposes of the STID, to be treated as Secured Debt and includes the MidCo Group’s and the Issuer’s liabilities (as appropriate) under:</p> <ul style="list-style-type: none"> <li>(a) the Initial Senior Facility;</li> <li>(b) the DSR Liquidity Facilities;</li> <li>(c) the Institutional Debt;</li> <li>(d) the Notes;</li> <li>(e) any and all liabilities under the MidCo Hedging Agreements; and</li> <li>(f) each other Authorised Credit Facility;</li> </ul>
<b>Secured Liabilities</b>	means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly and severally or in any other capacity whatsoever) of each Obligor under each Finance Document to which it is a party;
<b>Securities Act</b>	United States Securities Act of 1933, as amended;
<b>Securitisation Regulations</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Security</b>	the security constituted by the Security Documents including any guarantee or obligation to provide cash collateral or further assurance thereunder;
<b>Security Agreement</b>	the deed of charge and guarantee executed in favour of the Security Trustee by each of the Obligors on or about the Closing Date;
<b>Security Documents</b>	the Security Agreement, the STID (including any Accession Memorandum thereto and any deed supplemental thereto) and any other security document executed on 21 March 2017 or thereafter by any of the Obligors evidencing or creating security over any asset of an Obligor to secure any obligation of any Obligor to a Secured Creditor under the Finance Documents;
<b>Security Interest</b>	<ul style="list-style-type: none"> <li>(a) any mortgage, pledge, lien, charge, assignment or hypothecation or other encumbrance securing any obligation of any person;</li> <li>(b) any arrangement under which money or claims to</li> </ul>

money, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or

- (c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect;

<b>Security Trustee</b>	U.S. Bank Trustees Limited or any successor appointed pursuant to the STID;
<b>Security Trustee Appointee</b>	means any examiner, attorney, manager, receiver, agent, delegate, nominee, custodian or other person appointed by the Security Trustee under a Security Document;
<b>Series</b>	has the meaning given to that term in the section “ <i>Overview of the Programme – Method of Issue</i> ”;
<b>Settlement Date</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Shareholder Instrument</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Shareholders</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Shortfall Paragraph</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Common Terms Agreement – Cash Management – Cash Management during a Standstill Period</i> ”;
<b>Span Period</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Common Terms Agreement – Covenants – General Covenants – Covenants of the Obligors</i> ”;
<b>Special Quorum</b>	has the meaning given to that term in the Note Trust Deed;
<b>Specified Currency</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Specified Duration</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Stabilisation Manager(s)</b>	has the meaning given to that term in the section “ <i>Important Notices</i> ”;
<b>Standby Drawing</b>	a drawing made under a DSR Liquidity Facility Agreement as a result of a downgrade of a DSR Liquidity Facility Provider below the Minimum Short-term Rating or in the event that the DSR Liquidity Facility Provider fails to renew its commitment on the expiry of the term of such DSR Liquidity Facility Agreement;
<b>Standstill</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – Standstill</i> ”;
<b>Standstill Cash Manager Accession Documents</b>	the MDA, CTA, STID, the Initial DSR Liquidity Facility Agreement and the Account Bank Agreement;
<b>Standstill Period</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and</i>

	<i>Intercreditor Deed – Standstill</i> ”;
<b>Standstill Remedy</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Arrangements – Security Trust and Intercreditor Deed – Standstill</i> ”;
<b>State Sanctions List</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Statutory Accounts</b>	means each set of Financial Statements prepared from time to time by each member of the Group pursuant to applicable law and regulations and in compliance with Applicable Accounting Principles;
<b>Sterling</b>	has the meaning given to that term in the section “ <i>Important Notices</i> ”;
<b>STID</b>	has the meaning given to that term in the section “ <i>Overview of the Programme – STID</i> ”;
<b>STID Direct Voting Matter</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – MTN Noteholder Voting</i> ”;
<b>STID Matter</b>	a STID Proposal, an Instruction Notice and/or a Direction Notice;
<b>STID Proposal</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – Modifications, Consents and Waivers</i> ”;
<b>STID Voting Request</b>	has the meaning given to such term in clause 8.7 ( <i>Procedure for Voting Matters – STID Voting Request</i> ) of the STID
<b>Structure Memorandum</b>	(a) the structure paper entitled “Project Sherlock: Tax Structure Paper”, dated 27 November 2016 and prepared by Ernst & Young LLP; and (b) the structure paper entitled “Project Piccadilly – Summarised Structuring Steps”, dated 8 December 2016 and prepared by PricewaterhouseCoopers;
<b>Substitute DSR Liquidity Facility Agreement</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Additional resources Available – DSR Liquidity Facilities – Renewal</i> ”;
<b>Substitute DSR Liquidity Facility Provider</b>	has the meaning given to that term in section “ <i>Overview of the Financing Agreements – Additional resources Available – DSR Liquidity Facilities – Renewal</i> ”;
<b>Subordinated Creditor</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – General</i> ”;
<b>Subordinated Debt</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – General</i> ”;
<b>Subordinated Liabilities</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – General</i> ”;
<b>Subordinated Liquidity Facility Amounts</b>	means in relation to any DSR Liquidity Facility, the aggregate of any amounts payable by any Obligor to the relevant DSR Liquidity Facility Provider in respect of its

obligation to gross up any payments made by it in respect of such DSR Liquidity Facility or to make any payment of increased costs to such DSR Liquidity Facility Provider (other than any such increased costs in respect of regulatory changes relating to capital adequacy requirements applicable to such DSR Liquidity Facility Provider) or to amounts payable on an accelerated basis as a result of illegality (excluding accrued interest, principal and recurring fees and commissions) on the part of such DSR Liquidity Facility Provider, or any other amounts not referred to in any other paragraph of the Payment Priorities;

<b>Subsidiary</b>	a company which is: (a) a subsidiary within the meaning of section 1160 of the Companies Act 2006; and (b) unless the context otherwise requires, a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006;
<b>Successor Index</b>	has the meaning given to that term in Condition 5.5 ( <i>Material Changes to or Cessation of the Index</i> ) of the MTN Notes;
<b>Supplemental Prospectus</b>	has the meaning given to that term in the section “ <i>Supplemental Prospectus</i> ”;
<b>SVO</b>	the Securities Valuation Office of the NAIC or any successor to such office;
<b>Swap Agreement</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Swap Breakage Amount</b>	has the meaning given to that term in Condition 5.10 ( <i>Swap Breakage</i> ) of the US PP Notes;
<b>Swapped Note</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Swapped Note Accrued Interest Amount</b>	has the meaning given to that term in Condition 5.10 ( <i>Swap Breakage</i> ) of the US PP Notes;
<b>Swapped Note Applicable Percentage</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Swapped Note Called Interest</b>	has the meaning given to that term in Condition 5.10 ( <i>Swap Breakage</i> ) of the US PP Notes;
<b>Swapped Note Called Notional Amount</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Swapped Note Called Principal</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Swapped Note Discounted Value</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Swapped Note Reinvestment Yield</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Swapped Note Remaining Average Life</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Swapped Note Remaining Scheduled Swap Payments</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;

<b>Swapped Note Settlement Date</b>	has the meaning given to that term in Condition 5.9 ( <i>Make-Whole Amount</i> ) of the US PP Notes;
<b>Swedish krona</b>	has the meaning given to that term in the section “ <i>Important Notices</i> ”;
<b>Swiss francs</b>	has the meaning given to that term in the section “ <i>Important Notices</i> ”;
<b>Talons</b>	has the meaning given to that term in the Terms and Conditions of the MTN Notes;
<b>TARGET Business Day</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>TARGET System</b>	has the meaning given to that term in Condition 4.3.5 ( <i>Definitions</i> ) of the MTN Notes;
<b>Tax</b>	any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest) and “ <b>Taxes</b> ”, “ <b>taxation</b> ”, “ <b>taxable</b> ” and comparable expressions will be construed accordingly;
<b>Tax Authority</b>	any taxing or other authority competent to impose any liability in respect of Tax or responsible for the assessment, administration or collection of Tax or enforcement of any law in relation to Tax;
<b>Tax Credit</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Tax Deed of Covenant</b>	the deed of tax covenant entered into on or prior to the Closing Date by (among others) the relevant Obligors and the Security Trustee;
<b>Tax Deduction</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>Tax Prepayment Notice</b>	has the meaning given to that term in Condition 5.3 ( <i>Prepayment for Tax Reasons</i> ) of the US PP Notes;
<b>Taxing Jurisdiction</b>	has the meaning given to that term in Condition 8.1 (No Withholding) of the US PP Notes;
<b>TCGA</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Other Finance Documents – Tax Deed of Covenant</i> ”;
<b>TDC Breach</b>	has the meaning given to that term in the Tax Deed of Covenant;
<b>TEFRA</b>	has the meaning given to that term in the section “ <i>Overview of the Programme – Selling Restrictions</i> ”;
<b>TEFRA C</b>	has the meaning given to that term in the section “ <i>Overview of the Programme – Selling Restrictions</i> ”;
<b>TEFRA D</b>	has the meaning given to that term in the section “ <i>Overview of the Programme – Selling Restrictions</i> ”;
<b>temporary Global Note</b>	has the meaning given to that term on the cover page;
<b>Test Date</b>	in respect of every Calculation Date, that Calculation Date, and in respect of each Calculation Date falling on the last day of each Financial Year, the Calculation Date falling 12 months after such Calculation Date;

<b>Third Party Scheme Provider</b>	any institution (which is regulated in the United Kingdom for the provision of pension schemes) which enters into arrangements with OpCo or any other member of the Group by which such institution assumes (in whole or in part) the liabilities and obligations of OpCo or such other member of the Group under any then Permitted Existing Pension Scheme;
<b>Trade Instruments</b>	any performance bonds or other similar instruments, or advance payment bonds or documentary letters of credit issued in respect of the obligations of any member of the Relevant Group arising in the ordinary course of trading of that member of the Relevant Group;
<b>Tranche</b>	has the meaning given to that term in the section “ <i>Overview of the Programme – Method of Issue</i> ”;
<b>Transaction Account</b>	the transaction account of MidCo referred to in the Account Bank Agreement;
<b>Transaction Agent</b>	MidCo;
<b>Transitional Services Agreement</b>	the transitional services agreement entered into between OpCo and National Grid UK Limited on or about 1 October 2016;
<b>Treasury Transaction</b>	any currency or interest rate purchase, cap or collar agreement, forward rate agreements, interest rate or currency or future or option contract, foreign exchange or currency purchase or sales agreement, interest rate swap, index-linked swap, currency swap or combined interest rate and currency swap agreement and any other similar agreement or any derivative transaction;
<b>Trigger Events</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Common Terms Agreement – Trigger Events</i> ”;
<b>Trigger Event Consequences</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Common Terms Agreement – Trigger Event Consequences</i> ”;
<b>Trigger Event Ratio Level</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Common Terms Agreement – Trigger Events</i> ”;
<b>Trigger Event Remedies</b>	the remedies to a Trigger Event set out in the CTA;
<b>U.K. Listing Authority</b>	has the meaning given to that term on the cover page;
<b>Underhedged Position</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Additional resources Available – Hedging – Hedging Policy</i> ”;
<b>U.S.</b>	the United States of America;
<b>U.S. Dollars</b>	has the meaning given to that term in Condition 16 ( <i>Definitions</i> ) of the US PP Notes;
<b>U.S. dollars</b>	has the meaning given to that term in the section “ <i>Important Notices</i> ”;
<b>U.S. Economic Sanctions Laws</b>	has the meaning given to that term in Condition 16

	(Definitions) of the US PP Notes;
<b>U.S.\$</b>	has the meaning given to that term in the section “ <i>Important Notices</i> ”;
<b>unit</b>	has the meaning given to that term in Condition 4.3.2 ( <i>Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding</i> ) of the MTN Notes;
<b>US PP Agency Agreement</b>	the agency agreement in relation to the PP Notes dated 1 June 2017 between the Issuer, MidCo, the US PP Paying Agent and the US PP Calculation Agent (as amended or amended and restated from time to time) and which is intended to amended and restated to include the US PP Notes on or before the first issuance of US PP Notes under the Programme;
<b>US PP Calculation Agent</b>	Elavon Financial Services DAC at its specified office in Dublin, Ireland;
<b>US PP Note Documents</b>	has the meaning given to that term in the section “ <i>Overview of the Programme – US PP Note Documents</i> ”;
<b>US PP Note Purchaser(s)</b>	has the meaning given to that term in the Terms and Conditions of the US PP Notes;
<b>US PP Noteholder</b>	the person in whose name a US PP Note is registered;
<b>US PP Notes</b>	any Notes issued by the Issuer under the Programme pursuant to a Note Purchase Agreement or as otherwise contemplated in the section “ <i>Terms and Conditions of the US PP Notes</i> ”;
<b>US PP Paying Agent</b>	Elavon Financial Services DAC at its specified office in Dublin, Ireland;
<b>VAT</b>	(a) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere;
<b>VAT Group</b>	any group or unity (or fiscal unity) for VAT purposes;
<b>Voted Qualifying Secured Debt</b>	the aggregate Outstanding Principal Amount of Qualifying Secured Debt voted by the Qualifying Secured Creditor Representatives in accordance with the STID;
<b>Voting Matter</b>	has the meaning given to that term in the section “ <i>Overview of the Financing Agreements – Security Trust and Intercreditor Deed – Voting Matters</i> ”
<b>Working Capital</b>	on any date, Current Assets less Current Liabilities;
<b>Xoserve</b>	Xoserve Limited, a private company incorporated in England with limited liability (registration number 05046877);
<b>Xoserve Agreement</b>	the agreement between OpCo and Xoserve dated 1 October 2016 which sets out the terms by which Xoserve provides services and systems to OpCo
<b>Y<sub>1</sub></b>	has the meaning given to that term in Condition 4.3.5

**Y<sub>2</sub>**

*(Definitions)* of the MTN Notes;

has the meaning given to that term in Condition 4.3.5  
*(Definitions)* of the MTN Notes.

**REGISTERED OFFICE OF THE  
ISSUER**

Quadgas Finance plc  
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**REGISTERED OFFICE OF MIDCO**

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**REGISTERED OFFICE OF  
PLEDGECO**

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**THE NOTE TRUSTEE**

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United Kingdom

**THE ARRANGER**

**National Westminster Bank Plc**  
250 Bishopsgate  
London EC2M 4AA  
United Kingdom

**THE DEALERS**

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