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ınies Form No. 165(6)A

ıtion in relation to ıce for the acquisition of shares

165(6)A

Please do not write in this margin

Pursuant to Article 165(6) of the Companies (Northern Ireland) Order 1986

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

To the Registrar of Companies

For Official Use

Company Number

N1026421

Name of Company

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

***PREMIER TRANSMISSION LIMITED**

Insert full name of company

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

David Montgomery of 15 Collingham Gardens, London, SW5 0HS

William J Cargo of 31 Cleaver Park, Belfast, County Antrim, BT9 5HY

*delete as appropriate

all the directors of the above company (hereinafter called "this company") do solemnly and sincerely declare that:

delete whichever is inappropriate

The business of the company is :

~~(a)that of a [recognised bank] [licensed institution] within the meaning of the Banking Act 1979.~~
~~(b)that of a person authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on insurance business in the UK.~~
(c) something other than the above.

Presentor's name, address and reference (if any)	For official use Public Office	Document Checking Section
McGrigors Belfast 2 Donegall Square East Belfast BT1 5HB		DEPARTMENT OF ENTERPRISE TRADE & INVESTMENT COMPANIES REGISTRY 24 MAR 2005 COUNTER RECEIVED

The Company is proposing to give financial assistance in connection with the acquisition of shares in it.

Please do not write in this margin

The assistance is for the purpose of reducing or discharging a liability incurred for the purpose of that acquisition.

The number and class of the shares acquired or to be acquired is: 860,928 Ordinary Shares of £1 each.

The assistance is to be given to: (note 2) Premier Transmission Financing Plc, c/o Arthur Cox Northern Ireland, Capital House, 3 Upper Queen Street, Belfast, BT1 6PU

The assistance will take the form of :

See Paper Apart.

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

The person who has acquired * the shares is: Premier Transmission Financing Plc, c/o Arthur Cox Northern Ireland, Capital House, 3 Upper Queen Street, Belfast, BT1 6PU

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

See Paper Apart 2.

***delete as appropriate**

The amount of cash to be transferred to the person assisted is £ Nil

The value of any asset to be transferred to the person assisted is £ Nil

The date on which the assistance is to be given is within 8 weeks of the date hereof.

Please do not write in this margin

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

We have informed the opinion, as regards the company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could be found to be unable to pay its debts. **(note 3)**

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

(a) We have formed the opinion that the company will be able to pay it's debts as they fall due during the year immediately following that date* **(note 3)**

And we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory declarations Act 1835

Declared at
London

the 18th day of March 2005 before me a Commissioner for Oaths or Notary Public or Justice of the Peace or Solicitor having the powers conferred on a Commissioner for Oaths

JEFFREY N. LANGLANDS
SOLICITOR

Declarants to sign below

Notes:

1. For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see **Article 162(3)** of the Companies (Northern Ireland) Order 1986

2. Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown

3. Contingent and prospective liabilities of the company are to be taken into account – see **Article 163(3)** of the Companies (Northern Ireland) Order 1986

4. The auditors report required by **Article 166(4)** of the Companies (Northern Ireland) Order 1986, must be annexed to this form.

Paper Apart to Form 165(6) A

Premier Transmission Limited (Company Number NI026421)

Terms used in this Paper Apart shall have the meaning given to them herein and in the foregoing Form 165(6)A.

The assistance will take the form of the Company either acceding to or entering into the following documents (as the same may be amended, varied, supplemented, restated or replaced from time to time) as a condition subsequent to the issue of the Bonds and the entry into of the Finance Documents, the proceeds of which have been used, *inter alios*, to fund the consideration payable by the Issuer for the acquisition of the entire issued share capital of the Company:

Documents to be Acceded To pursuant to a global deed of accession:

1 A collateral deed (the "**Collateral Deed**") between, *inter alios*, the Company, the Issuer and Prudential Trustee Company Limited as Bond Trustee and Security Trustee;

2 A subscription agreement (the "**Subscription Agreement**") between, *inter alios*, the Company and Royal Bank of Canada Europe Limited and Barclays Bank PLC as Managers;

3 A bond trust deed (the "**Bond Trust Deed**") between, *inter alios*, the Company and Prudential Trustee Company Limited as Bond Trustee;

4 A guarantee and indemnity agreement (the "**Guarantee and Reimbursement Agreement**") between, *inter alios*, The Company and Financial Guaranty Insurance Company;

5 An accounts agreement (the "**Accounts Agreement**") between, *inter alios*, the Company, the Issuer and Prudential Trustee Company Limited as Bond Trustee and Security Trustee;

6 A paying agency agreement (the "**Paying Agency Agreement**") between, *inter alios*, the Company, the Issuer and Prudential Trustee Company Limited as Bond Trustee and principal paying agent;

7 An accounts mandate agreement (the "**Accounts Mandate Agreement**") between, *inter alios*, the Company, the Issuer and Prudential Trustee Company Limited as Bond Trustee and Security Trustee;

8 An indemnification agreement (the "**Indemnification Agreement**") between, *inter alios*, the Company and Financial Guaranty Insurance Company;

9 A financial guarantee fee letter (the "**Financial Guarantee Fee Letter**") between the Issuer, Financial Guaranty Insurance Company and the Company;

10 An intercreditor and security trustee deed (the "**Intercreditor and Security Trustee Deed**") between, *inter alios*, the Company, the Issuer and Prudential Trustee Company Limited as Bond Trustee and Security Trustee;

Documents to be Entered Into:

11 An inter-company loan agreement (the "**Inter-company Loan Agreement**") to be entered into by the Company, the Issuer and Prudential Trustee Company Limited as Security Trustee;

12 An enabling loan agreement (the "**Enabling Loan Agreement**") to be entered into by the Company and the Issuer;

13 A debenture (the "**NI Debenture**") to be granted by the Company in favour of Prudential Trustee Company Limited as Security Trustee;

14 A bond and floating charge (the "**Guarantor Bond and Floating Charge**") to be granted by the Company in favour of Prudential Trustee Company Limited as Security Trustee;

15 An assignation in security (the "**Guarantor Assignation in Security**") to be granted by the Company in favour of Prudential Trustee Company Limited as Security Trustee;

16 A security assignment (the "**Guarantor Security Assignment**") to be granted by the Company in favour of Prudential Trustee Company Limited as Security Trustee;

17 A Standard Security (the "**Standard Security**") to be granted by the Company in favour of Prudential Trustee Company Limited as Security Trustee;

18 An accounts charge (the "**Accounts Charge**") to be granted by the Company in favour of Prudential Trustee Company Limited as Security Trustee;

19 A liquidity facility agreement and related fees letter (the "**Liquidity Facility Agreement**") between, *inter alios*, the Company, Barclays Bank PLC and Prudential Trustee Company Limited as Security Trustee;

20 A letter agreement (the "**Tax Loss Amount Receipt**") in respect of payment for surrendered tax losses from the Company to BG Energy Holdings Limited;

21 A direct agreement (the "**Transportation Direct Agreement**") between the Company, Prudential Trustee Company Limited as Security Trustee and BGE (UK);

22 An indemnity agreement (the "**Directors' Fees and Expenses Indemnity Agreement**") between the Company, the Issuer, Premier Transmission Holdings Limited, Northern Ireland Gas Transmission Holdings Limited and Northern Ireland Energy Holdings Limited;

23 A direct agreement (the "**CEC Direct Agreement**") between Prudential Trustee Company Limited as Security Trustee and the Crown Estate Commissioners which is to be acceded to by the Company;

24 A letter agreement (the "**Subordination Letter**") between the Department of Enterprise, Trade and Investment of Northern Ireland, Prudential Trustee Company Limited as Security Trustee and the Company;

25 A trustee fee letter (the "**Trustee Fee Letter**") between the Issuer, the Company and Prudential Trustee Company Limited as Bond Trustee and Security Trustee.

In this Paper Apart 1 the following terms shall have the following meaning:

"**Bonds**" means the bonds in bearer form comprising the approx £107,000,000 5.2022 %, Guaranteed Secured Bonds due 2030 of the Issuer or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes any replacements for Bonds issued pursuant to Condition 10 and the Temporary Global Bond and the Permanent Global Bond each as defined in the Bond Trust Deed.

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PAPER APART 2 TO FORM 165(6)A

Premier Transmission Limited (Company Number NI026421) (the "Company")

Terms used in this Paper Apart 2 shall have the meaning given to them herein and in the foregoing Form 165(6)(A) and Paper Apart 1.

The Company is obliged to grant (or accede to as the case may be) the documents detailed in the Paper Apart 1 as a condition subsequent to the issue of the Bonds and pursuant to the Finance Documents, the proceeds of which have been used, *inter alios,* by the Issuer to pay the consideration for the acquisition by the Issuer of the entire issued share capital of the Company and the principle terms on which the financial assistance will be given are as follows:

1 In terms of the Collateral Deed:

(a) the Company will grant certain warranties in favour of the Finance Parties;

(b) the Company will irrevocably and unconditionally guarantee to the Finance Parties the due and punctual observance and performance (whether on the normal due date, on acceleration or otherwise) of all the terms, conditions and covenants on the part of the Issuer contained in the Finance Documents (including, without limitation, the obligations of the Purchaser in respect of the Bonds and the Guarantee and Reimbursement Agreement);

(c) if the Issuer fails for any reason whatsoever punctually to pay any amounts under any of the Finance Documents, the Company shall cause each and every such payment to be made as if the Company instead of the Issuer were expressed to be the primary Obligor under the Finance Documents; and

(d) the Company irrevocably and unconditionally agrees with the Finance Parties as a primary obligation to pay to each Finance Party from time to time within 5 Business Days of demand by Prudential Trustee Company Limited as Security Trustee such sums as may be necessary to indemnify each Finance Party and the Bond holders from and against any loss incurred by such Finance Party or the Bond holders as a result of any of the obligations of the Issuer under or pursuant to the Finance Documents being or becoming void, voidable, unenforceable or ineffective, as against the Issuer for any reason whatsoever whether or not known to the Finance Parties or the Bond holders as the case may be or any of them or any other person, the amount of such loss being the amount which the person or persons suffering it would otherwise have been entitled to recover from the Issuer.

2 In terms of the Subscription Agreement, the Company will grant certain warranties and indemnities in favour of Royal Bank of Canada Europe Limited and Barclays Bank PLC as Managers and will agree to pay certain fees and expenses in connection with that issue of the Bonds;

3 In terms of the Bond Trust Deed the Company will grant certain covenants and indemnities in favour of *inter alios* Prudential Trustee Company Limited as Bond Trustee;

4 In terms of the Guarantee and Reimbursement Agreement the Company will (a) grant certain warranties and indemnities in favour of Financial Guaranty Insurance Company the Guarantor of the Bonds and (b) guarantee the payment and/or reimbursement by the Issuer of certain fees, costs and expenses;

5 In terms of the Accounts Agreement the Company is obliged, in certain circumstances to transfer funds into bank accounts of the Issuer.

6 In terms of the Paying Agency Agreement the Company will (a) in certain circumstances, be obliged to make payment to the Principal Paying Agent amounts equal to the amount of principal and or interest falling due in respect of the Bonds, (b) grant an indemnity in favour of the Paying Agent against any claim, demand, action liability, damage, cost, loss or expense which it incurs as a result of or arising out of or in relation to its acting as the agent of the Issuer and the Company in relation to the Bonds, (c) grant an indemnity in favour of the Paying Agent for any claims or losses if taxes are not paid and (d) in certain circumstances, be obliged to pay certain fees, expenses and taxes.

7 In terms of the Accounts Mandate Agreement the Company will grant an indemnity to Barclays Bank as account bank against any loss or liability incurred by them in acting as Account Bank or in acquiring, holding, disposing of or realising any Authorised Investment;

8 In terms of the Indemnification Agreement Financial Guaranty Insurance Company will agree to indemnify the Issuer, the Company and the Lead Managers in respect of any losses incurred in respect of the issue of the Bonds.

9 In terms of the Financial Guarantee Fee Letter the Company will guarantee the payment and/or reimbursement by the Issuer of certain fees, costs and expenses payable to Financial Guaranty Insurance Company;

10 In terms of the Intercreditor and Security Trust Deed the Company will undertake to pay any costs and expenses of the Senior Creditor incurred in connection with the enforcement against the Company of the Senior Creditors rights under the Intercreditor and Security Trust Deed.

11 In terms of the Intercompany Loan Agreement the Company will grant certain indemnities in favour of the Issuer and Prudential Trustee Company Limited as Security Trustee;

12 In terms of the Enabling Loan Agreement the Company will make available to the Issuer a revolving credit facility on the terms set out therein to enable the Purchaser, *inter alia*,:

(a) to make payments of principal or interest under the Bonds;

(b) to pay costs and expenses incurred directly or indirectly in connection with the issue of the Bonds;

(c) to reduce or discharge any other liability incurred directly or indirectly for the purpose of or otherwise in connection with the issue of the Bonds; and

(d) for such other purposes as the Company may agree;

13 In terms of the NI Debenture the Company:

(a) as beneficial owner and as security for the payment, discharge and performance of the Debenture Secured Liabilities:

(i) GRANTS AND DEMISES unto Prudential Trustee Company Limited as Security Trustee the Leasehold Property together (to the extent the same are not otherwise subject to a fixed charge hereunder) with all fixtures and fittings and buildings from time to time therein or thereon and the proceeds of sale of all or any part thereof and the benefit of any covenant

for title given or entered into by any predecessor in title and any monies paid or payable in respect of such covenants;

(ii) CHARGES in favour of Prudential Trustee Company Limited as Security Trustee the Registered Property together in all cases (to the extent the same are not otherwise subject to a fixed charge hereunder) with all fixtures and fittings and buildings from time to time therein or thereon and the proceeds of sale of all or any part thereof with payment to the Security Trustee;

(iii) CHARGES in favour of Prudential Trustee Company Limited as Security Trustee by way of first fixed charge:

1) (to the extent that the same are not the subject of a mortgage under paragraphs (i) and/or (ii) above (but excluding all property located in Scotland)) all present and future estates or interests in any freehold or leasehold property and any rights under any licence or other agreement or document which gives the Company a right to occupy or use property, wheresoever situate now or hereafter belonging to it together with all buildings and Fixtures thereon, the proceeds of sale of all or any part thereof and the benefit of any covenants for title given or entered into by any predecessor in title and any moneys paid or payable in respect of such covenants, subject, in the case of any leasehold properties, to any necessary third party's consent to such charge being obtained;

2) all plant, machinery, computers and vehicles now or in the future owned by it and its interest in any plant, machinery, computers or vehicles in its possession other than any for the time being part of the Company's stock in trade or work in progress;

3) (to the extent not effectively assigned under the NI Debenture) all benefits in respect of Criminal Damage Compensation and all claims in respect thereof;

4) all of its present and future book and other debts, all other moneys due and owing to it or which may become due and owing to it at any time in the future and the benefit of all rights, securities and guarantees of any nature whatsoever now or at any time enjoyed or held by it in relation to any of the foregoing including in each case the proceeds of the same, PROVIDED THAT without prejudice to any other provision of the NI Debenture such proceeds shall be released automatically from the fixed charge effected by this sub-paragraph (4) upon those proceeds being credited to any Project Account;

5) (to the extent that the same do not fall within any other sub-paragraph of Clause 3(d) of the NI Debenture and are not effectively assigned under the NI Debenture) all of its rights and benefits under each of the Relevant Agreements and any other contracts or agreements to which the Company is a party and/or that confer any rights upon the Company including,

without limitation, 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 Rights or similar agreements entered into by it;

6) any beneficial interest, claim or entitlement of it to any assets of any pension fund;

7) its present and future goodwill;

8) the benefit of all present and future licences, permissions, consents and authorisations (statutory or otherwise) held in connection with its business or the use of any of the Security Assets specified in Clause 3 (a), (b), (c) or (d)(i) of the NI Debenture and the right to recover and receive all compensation which may at any time become payable to it in respect thereof;

9) its present and future uncalled capital;

10) all its present and future licence agreements and Intellectual Property Rights owned by it, subject to any necessary (as at the date of the NI Debenture) third party's consent to such charge being obtained. To the extent that any such licence agreements or Intellectual Property Rights are not capable of being charged (whether by reason of lack of any such consent as aforesaid or otherwise) the charge thereof purported to be effected by Clause 3.1(d)(xi) of the NI Debenture shall operate as an assignment of any and all damages, compensation, remuneration, profit, rent or income which the Chargors may derive therefrom or be awarded or entitled to in respect thereof, as continuing security for the payment, discharge and performance of the Secured Liabilities;

11) all Securities and in each case any Related Rights now or in the future owned by the Company from time to time; and

12) all stocks, shares, debentures, bonds, warrants, coupons or other securities and investments now or in the future owned by the Company from time to time.

(b) **Assignments**

(i) The Company as beneficial owner, as continuing security for the payment, discharge and performance of the Debenture Secured Liabilities, assigns and agrees to assign to Prudential Trustee Company Limited as Security Trustee (as agent and trustee as aforesaid) (i) all its right, title and interest (if any) in and to each Relevant Agreement (ii) all of its present and future rights under and in respect of Criminal Damage Compensation and its present and future rights, title and interest in and to such Criminal Damage Compensation and (iii) the benefit of all warranties representations and assurances given to the Company in

respect of any acquisition of shares in any company TO HOLD the same unto the Security Trustee as agent and trust as aforesaid subject to the covenant for redemption hereafter contained.

(c) The Company, as beneficial owner, as security for the payment, discharge and performance of the Debenture Secured Liabilities, charges in favour of Prudential Trustee Company Limited as Security Trustee by way of a first floating charge all its undertaking and assets whatsoever and wheresoever both present and future (including, without limitation, any undertaking and assets situated in Scotland (whether or not the same may be mortgaged or charged by way of standard security)), subject always to all mortgages, fixed charges and assignments created by or pursuant to Clause 3 or any other provision of the NI Debenture.

14 In terms of the Guarantor Bond and Floating Charge the Company (a) as security for payment and discharge of all the Floating Charge Security Liabilities will grant in favour of Prudential Trustee Company Limited as Security Trustee a floating charge over the whole of the property located in Scotland or subject to the laws of Scotland which is or may from time to time while the Guarantor Bond and Floating Charge is in force comprised in the property and undertaking of the Company and (b) grants certain indemnities in favour of the Security Trustee.

15 In terms of the Guarantor Assignation in Security the Company, in security of the due and punctual performance by it of the Assignation Secured Liabilities will assign to Prudential Trustee Company Limited as Security Trustee its whole right, title, interest and benefit in and to the Contracts and all rights of the Company relative thereto.

16 In terms of the Guarantor Security Assignment the Company will (a) assign (except to the extent the subject of an effective fixed charge or assignment under any other Security Document) absolutely the Assigned Property with full title guarantee to Prudential Trustee Company Limited as Security Trustee and (b) grant certain indemnities in favour of the Security Trustee.

17 In terms of the Standard Securities the Company will grant Standard Securities in favour of Prudential Trustee Company Limited as Security Trustee over ALL and WHOLE the Property as security for the Standard Securities Secured Liabilities.

18 In terms of the Accounts Charge the Company, as security for the payment, discharge and performance of the Account Charge Secured Liabilities charges (a) by way of first legal mortgage, the Authorised Investments owned by it or held by any nominee on its behalf; (b) (to the extent they are not subject to a mortgage under (a)) by way of first fixed charge, the Company's interest in all shares, stocks, debentures, bonus, warranties, coupons or other securities and investments owned by it or held by any nominee on its behalf; and (c) by way of first fixed charge all of the Company's rights in respect of any amount standing to the credit of any account it has with any person and the debt repressed by that account.

19 In terms of the Transportation Direct Agreement the Company will grant an indemnity in favour of the Finance Parties for any loss or liability which they incur as a consequence of the operation of the Transportation Direct Agreement.

20 In terms of the Liquidity Facility Agreement the Company will be entitled to borrow facilities from Barclays Bank PLC, as Liquidity Facility Provider to meet any cost, loss, liability or expense of the Company (including in connection with the issue of the Bonds) and gives certain warranties and indemnities in favour of the Liquidity Facility Provider and

Prudential Trustee Company Limited as Security Trustee and agrees to pay certain fees to the Liquidity Facility Provider;

21 In terms of the Directors' Fees and Expenses Indemnity Agreement the Company will agree to indemnify the Issuer, Premier Transmission Holdings Limited, Northern Ireland Gas Transmission Holdings Limited and Northern Ireland Energy Holdings Limited in respect of all cost, losses, liabilities and expenses incurred by any of them in connection with any director or secretary from time to time of either of them;

22 In terms of the Tax Loss Amount Receipt the Company will agree to accept 80% of the consideration it is due as full and final settlement from BG Energy Holdings Limited in respect of the tax losses it had surrendered to BG Energy Holdings Limited;

23 In terms of the CEC Direct Agreement the Company will grant certain representations and warranties to, inter alia, the Finance Parties and agrees to pay the costs of the CEC and Finance Parties incurred in the operation of this Agreement;

24 In terms of the Subordination Letter the Company will grant certain covenants to the Department of Enterprise, Trade and Investment of Northern Ireland in respect of information relating to the Liquidity Facility Agreement;

25 In terms of the Trustee Fee Letter the Company, together with the Issuer, will agree to pay the Prudential Trustee Company Limited certain fees, costs and expenses payable to the Prudential Trustee Company Limited in its capacity as Bond Trustee and Security Trustee.

In this Paper Apart the following terms shall have the following meanings:

"**Assigned Contracts**" means the Assigned Finance Documents, the Assigned Project Documents and each Conditional Assigned Contract on and from the Effective Date relation to such Conditional Assigned Contract (all as defined in the Guarantor Security Assignment);

"**Assignation Secured Liabilities**" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of (a) the Company to the Finance Parties (or any of them) under the Guarantor Bond and Floating Charge and under the Guarantee and each other Finance Document to which it is a party and (b) the Issuer to the Finance Parties (or any of them) under each of any of the Finance Documents, in each case together with all costs, charges and expenses incurred by any Finance Parties in connection with the protection, preservation or enforcement of its respective rights under the Finance Documents or any other document evidencing or securing such liabilities;

"**Assigned Property**" means all of the Company's present and future right, title and interest in and to any monies payable by Insurers in respect of the insurances whether by way of claims, return premiums, ex gratia payments or otherwise, the Assigned Contracts and Authorised Investments;

"**Authorised Investments**" means any of the following investments, which must be denominated in sterling and have a scheduled maturity which is the lesser of: 1) the day preceding the day on which the next withdrawal from such account could take place and 2) 365 days:

1 gilt-edged securities and other freely transferable and marketable debt securities issued by the Government of the United Kingdom and which constitute direct, primary and unsubordinated obligations;

2 bonds or notes guaranteed by the Government of the United Kingdom and which constitute direct, primary and unsubordinated obligations;

3 certificates of deposit of any UK, EU, USA, or Swiss bank (which is authorised under the Financial Services and Markets Act 2000) the unsecured, unguaranteed and unsubordinated medium term obligations of which have a medium term senior debt rating of AA- (or better) issued by S&P and Aa3 (or better) issued by Moody's and the unsecured, unguaranteed and unsubordinated short term obligations which have a short term debt rating of A-1 (or better) issued by S&P and P-1 (or better) issued by Moody's, in each case constituting direct, primary and unsubordinated obligations;

4 commercial paper constituting direct, primary and unsubordinated obligations and having an outstanding maturity of less than 90 days from the date of purchase by or on behalf of the relevant account holder, which paper has a short term senior debt rating of A-1 (or better) issued by S&P and P-1 (or better) issued by Moody's. Commercial paper may not exceed 10% of total investments; and

5 call or fixed deposits with any UK, EU, USA, or Swiss bank (which is authorised under the Financial Services and Markets Act 2000) or any UK building society (which is an authorised institution under the Building Societies Act 1986) within the Investment Manager's approved list of Issuers which has a short term debt rating of A-1 (or better) issued by S&P and P-1 (or better) issued by Moody's.

"**Contracts**" means (a) the Minute of Agreement between the Crown Estate Commissioners and the Company; (b) the Maintenance and Emergency Response Contract between Transco and the Company; (c) any document which replaces or supplements (a) or (b); (d) any other agreement governed by Scots Law to which the Company is a party for the time being and which relates to the SNIP Business; (e) any other agreement designated as a Contract for the purposes of the Guarantor Assignation in Security by the Company and Prudential Trustee Company as Security Trustee in writing and (f) any side letter relating to any of the above documents';

"**Criminal Damage Compensation**" means all monies payable to the Company under the Criminal Damage Order;

"**Criminal Damage Order**" means the Criminal Damage Compensation (NI) Order 1977 as supplemented, amended or replaced;

"**Debenture Secured Liabilities**" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of the Company and/or the Issuer to the Finance Parties (or any of them) under the Guarantee or under each or any of the Finance Documents, in each case together with all costs, charges and expenses incurred by any Finance Parties in connection with the protection, preservation or enforcement of its respective rights under the Finance Documents or any other document evidencing or securing any such liabilities;

"**Finance Documents**" means the Collateral Deed, the Bond Documents, the Accounts Agreement, the Liquidity Facility Agreement, the Security Documents, the Intercompany Loan Agreement, the Enabling Loan Agreement, (all as defined in the Collateral Deed) and any other document designated as such under and in terms of the Collateral Deed and any document that replaces, modifies, supplements or restates any of the foregoing documents;

"**Finance Parties**" means FGIC, the Security Trustee, the Bond Trustee, the Swap Counterparties, the Liquidity Facility Provider, the Account Bank and their successors and assigns (all as defined in the Collateral Deed);

"Fixtures" means in relation to any freehold or leasehold property charged by or pursuant to the NI Debenture, all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery from time to time thereon owned by the Company;

"Floating Charge Secured Liabilities" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of (a) the Company to the Finance Parties (or any of them) under the Guarantor Bond and Floating Charge and under the Guarantee and each other Finance Document to which it is a party and (b) the Issuer to the Finance Parties (or any of them) under each of any of the Finance Documents, in each case together with all costs, charges and expenses incurred by any Finance Parties in connection with the protection, preservation or enforcement of its respective rights under the Finance Documents or any other document evidencing or securing such liabilities;

"Guarantee" means the guarantee given by the Company pursuant to the Collateral Deed as detailed in paragraph 18(b) of this Paper Apart;

"Insurances" means the contracts of insurance described in schedule 3 of the Collateral Deed;

"Intellectual Property Rights" means all know-how, patents, trademarks, service marks, designs, business names, topographical or similar rights, database rights, design rights, trade secrets, rights of confidence, copyrights and other intellectual property rights and any interests (including by way of licence) in any of the foregoing (in each case whether registered or not and including all applications for the same);

"Letters of Appointment" means the letters of appointment detailed in the schedule of the Directors' Fees and Expenses Indemnity Agreement;

"Leasehold Property" means the rights and easements held under a Lease of Easement dated 3rd December 1996 (as amended from time to time) and made between (1) The Queen's Most Excellent Majesty (2) The Crown Estate Commissioners ("the Commissioners") (3) the Chargor (under its then name of Premier Transco Limited) and (4) British Gas plc for the term of 41 years and 4 months expiring on the 30th September 2036 which rights and easements are therein described as "the right to lay use and maintain the pipeline ("the Pipeline") shown by a red line on the Plan ("the Plan") annexed to the said Lease with landfall at Castle Robin, Islandmagee, County Antrim (having an external diameter of 24 inches) together with any related Secondary Facilities as described in the said Lease of Easement on or under the foreshore and seabed at the North Channel in the County of Antrim in the approximate position shown by a red line on the Plan (and declaring for the avoidance of doubt that the Pipeline continues or will continue over the seabed beyond Northern Ireland/Scotland Territorial Sea Boundary towards Rhin's Peninsula Wigtownshire in Scotland under the terms of a Minute of Agreement entered into or to be entered into between the Commissioners and the Chargor TOGETHER WITH the right to construct the Accommodation Works (as therein defined) on the foreshore and seabed and the right from time to time to enter upon the foreshore and seabed to inspect maintain repair renew and relay the Pipeline WHICH RIGHTS are to be held subject to the public rights of navigation and fishing and all other rights now exercisable over the foreshore and seabed and SUBJECT TO the yearly rents thereby reserved and to the covenants on the part of the Tenant and conditions therein contained.

"Registered Property" means ALL THAT the lands comprised in Folio AN3760 TOGETHER with all rights and easements, appurtenant thereto including all rights and easements, appurtenant thereto including the grants of easement in favour of the Chargor and the owner from time to time of the said Folio AN37640, County Antrim over the lands in Folios 21905, AN28650, 21369, 36634, 21908, 21003, 21097 County Antrim;

"Property" means the whole of the Scottish heritable property of the Company;

"PTL Direction" means the direction to be issued by the Director General of Gas Supply for Northern Ireland specifying the allowed recovery in respect of financing and other costs associated with the Interconnector and the Interconnector Business;

"Related Rights" means in relation to any Securities, all dividends, interest, repayment or redemption proceeds and other distributions paid or payable on all or any Securities and all Securities (and the dividends or interest thereon), rights, money or property accruing or offered at any time by way of redemption, conversion, substitution, exchange, bonus or preference under option rights or otherwise, to, for or in respect of any Securities and all present and future claims, proprietary or otherwise, against depositories, custodians, clearing systems and/or other similar persons (including brokers, banks or the like), in respect of fungible or specific Securities or Related Rights, including any proprietary interest in respect of those fungible or specific Securities or Related Rights;

"Relevant Agreements" means each Project Contract, each Finance Document and the Sale and Purchase Agreement (all as defined in the Intercreditor and Security Trust Deed);

"Securities" means all present and future debentures, obligations, certificates of deposit, notes, negotiable instruments and bearer and registered shares, securities, stock, bonds, warrants, coupons and all other securities and investments of any kind whatever, whether or not represented by a document;

"Security Assets" means all assets, rights and property of the Company the subject of any security created by the NI Debenture or pursuant to the NI Debenture and includes, for the avoidance of doubt, the Company's rights to or interests in any chose in action and the Company's rights under the Relevant Agreements;

"Standard Securities Secured Liabilities" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of (a) the Company to the Finance Parties (or any of them) hereunder and under the Guarantee and each or any of the Finance Documents to which it is a party and (b) the Issuer to the Finance Parties (or any of them) under each or any of the Finance Documents, in each case together with all costs, charges and expenses incurred by any Finance Parties in connection with the protection, preservation or enforcement of its respective rights under the Finance Documents or any other document evidencing or securing any such liabilities;

ERNST & YOUNG

Private and confidential

The directors (the "Directors")
Premier Transmission Limited (the "Company")
c/o Arthur Cox Northern Ireland
Capital House
3 Upper Queens Street
BELFAST
BT1 6PU

18 March 2005

Auditors' report to the directors of Premier Transmission Limited pursuant to article 166(4) of the Companies (Northern Ireland) Order 1986.

We have examined the attached statutory declaration of the directors of the Company dated 18 March 2005 in connection with the proposal that the Company should give financial assistance for the purchase of the whole of the issued share capital of the Company by Premier Transmission Financing PLC. Particulars of such financial assistance are given in the statutory declaration referred to above.

Basis of opinion

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in Article 166(2) of the Companies (Northern Ireland) Order 1986 is unreasonable in all the circumstances.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Belfast