

*This part page and the following 3 pages are*

**CERTIFIED A TRUE COPY**

*Shepherd & Wedderburn*  
.....  
**SHEPHERD & WEDDERBURN WS**

30 October 2001 DATE

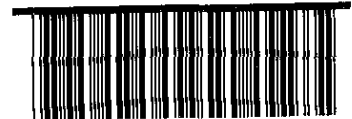
## MEMORANDUM OF TERMS

made by

**SCOTTISH POWER UK PLC**

*190287*

**Re: The transfer of assets, rights and liabilities as pursuant to Schedule 7 to the Utilities Act 2000**



SCT SQRDL5DP 0566  
COMPANIES HOUSE 31/10/01

Shepherd & Wedderburn WS  
155 St Vincent Street  
GLASGOW G2 5NR



Tel: 0141-566 9900

Fax: 0141-565 1222

This Memorandum of Terms is made by :-

**SCOTTISH POWER UK PLC**, incorporated under the Companies Act in Scotland with number SC117120 and having its Registered Office at 1 Atlantic Quay, Glasgow G2 8SP (hereinafter referred to as "the Seller").

WHEREAS the Seller has agreed to transfer the Assets to the Purchaser upon the terms and conditions specified and contained in this Agreement and in the Principal Agreement (the expressions "Assets" and "Principal Agreement" having the meanings respectively given to them in Clause 1.1 of this Agreement).

IT IS DECIDED as follows:-

## **1. DEFINITIONS**

### **1.1 In this Agreement:-**

"the Assets" means the assets, rights and liabilities transferring from the Seller to the Purchaser as set out in the relevant parts of the schedule to the Principal Agreement;

"the Consideration" means the consideration as referred to in Clause 3.6.4 of the Principal Agreement to be satisfied partly by deemed drawdown of an inter company loan between the Seller and the Purchaser and partly by (i) the allotment from the Purchaser to the Seller of the Shares and (ii) crediting as paid-up in full, on the Transfer Date, the two subscriber shares in the Purchaser taken by the Seller in incorporation of the Purchaser;

"the Principal Agreement" means the Transfer Scheme made by the Seller pursuant to Schedule 7 to the Utilities Act 2000 dated 3 September 2001 in terms of which the Assets are to be transferred to the Purchaser;

"the Purchaser" means ScottishPower Energy Retail Limited, incorporated under the Companies Act in Scotland with number SC190287 and having its Registered Office at 1 Atlantic Quay, Glasgow G2 8SP; and



"the Shares" means the 37,406,998 ordinary shares of £1 each of the Purchaser to be allotted to the Seller in partial satisfaction of the Consideration in accordance with Clause 3.6.4 of the Principal Agreement.

- 1.2 Words or expressions defined or used in the Principal Agreement shall have the same meanings in this Agreement.

## **2. CONDITIONS PRECEDENT**

The obligations of the Seller in relation to the transfer of the Assets in terms of this Agreement are conditional in all respects upon the Secretary of State giving effect to the Principal Agreement.

## **3. TRANSFER OF THE ASSETS**

- 3.1 The Seller shall transfer, with effect from the Transfer Date, the Assets so that the Purchaser shall (subject to any procedure required in order to perfect the Purchasers' title to any of the Assets including (but not limited to) stamping and registration), with effect from the Transfer Date), acquire beneficial ownership and title to all of the Assets as subject to the provisions of the Principal Agreement.
- 3.2 The Assets will transfer to the Purchaser subject to any relevant terms and conditions of the Principal Agreement and subject to any rights and/or remedies available to the Seller or the Purchaser under the Principal Agreement.

## **4. CONSIDERATION**

The Shares which are issued as part of the Consideration shall be allotted and issued by the Purchaser to the Seller, on the Transfer Date credited as fully paid. The Shares shall carry the same rights as, and shall rank *pari passu* in all respects with, the ordinary shares of £1 each in the share capital of the Purchaser in issue at the Transfer Date.

## **5. COMPLETION**

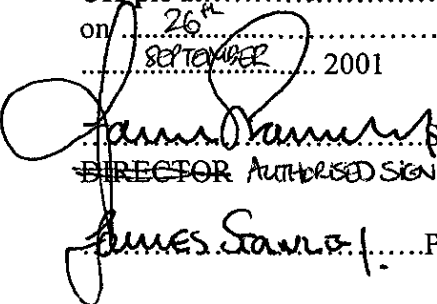
Completion of the transfer of the Assets shall be effected in terms of Clause 3 of the Principal Agreement.

## 6. STAMP DUTY

The transfer of the Assets should not be chargeable to stamp duty by virtue of a statutory declaration to be made by a director or the company secretary of the Seller in support of a claim pursuant to Section 42 of the Finance Act 1930 (for relief from stamp duty under the heading "Conveyance or Transfer on Sale" in the First Schedule to the Stamp Act 1891) in respect of the sale and purchase of the Assets.

IN WITNESS WHEREOF these presents consisting of this and the 2 preceding pages are executed as follows:-

Signed for and on behalf of **Scottish Power**  
**UK plc** at GLASGOW  
 on 26<sup>th</sup> day of  
SEPTEMBER 2001

 Signature  
~~DIRECTOR~~ AUTHORIZED SIGNATORY

James Samra Print Name

In the presence of GEORGE CAMEY BOYLE

Witness

155 St Vincent  
 Street  
 Glasgow

 Signature