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ATTACHED PLEASE FIND AN ELECTRONIC COPY OF THE INFORMATION MEMORANDUM (THE “INFORMATION MEMORANDUM”), IN RELATION TO THE SUKUK MURABAHAH PROGRAMME FOR AGGREGATE NOMINAL AMOUNT OF UP TO RM3,500,000,000.00 BY ABU DHABI NATIONAL ENERGY COMPANY PJSC (THE “ISSUER”).

THE INFORMATION CONTAINED IN THIS INFORMATION MEMORANDUM IS NOT COMPLETE AND IS SUBJECT TO DUE DILIGENCE, CORRECTION, COMPLETION, MODIFICATION AND AMENDMENT IN THE FINAL INFORMATION MEMORANDUM AND SHOULD NOT BE RELIED UPON FOR ANY PURPOSE. THIS INFORMATION MEMORANDUM IS NOT AN OFFER TO SELL NOR DOES IT SEEK AN OFFER TO BUY SECURITIES TO WHICH THIS INFORMATION MEMORANDUM RELATES. NO ISSUE OF, OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR INVITATION TO SUBSCRIBE FOR OR PURCHASE SECURITIES TO WHICH THIS INFORMATION MEMORANDUM RELATES IS MADE OR WILL BE MADE ON THE BASIS OF THIS INFORMATION MEMORANDUM. NO AGREEMENT TO SUBSCRIBE FOR SECURITIES TO WHICH THIS INFORMATION MEMORANDUM RELATES TO WILL BE ENTERED ON THE BASIS OF THIS INFORMATION MEMORANDUM. ANY INVESTMENT IN THE SECURITIES TO WHICH THIS INFORMATION MEMORANDUM RELATES MUST BE SOLELY ON THE BASIS OF THE FINAL INFORMATION MEMORANDUM AND NOT ON THIS INFORMATION MEMORANDUM.

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THE INFORMATION MEMORANDUM HAS NOT BEEN REGISTERED NOR WILL IT BE REGISTERED UNDER THE CAPITAL MARKETS & SECURITIES ACT, 2007, AS AMENDED FROM TIME TO TIME (“CMSA”) NOR HAS IT BEEN REGISTERED OR WILL BE REGISTERED UNDER THE SECURITIES LAWS OF ANY JURISDICTION OUTSIDE MALAYSIA. THE SECURITIES MAY ONLY BE OFFERED, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF DIRECTLY OR INDIRECTLY TO PERSONS FALLING WITHIN ANY ONE OF THE CATEGORIES AS SPECIFIED UNDER

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THE FOREGOING IS IN ADDITION TO AND WITHOUT PREJUDICE TO ALL OTHER DISCLAIMERS AND AGREEMENTS WHICH A RECIPIENT OF THE INFORMATION MEMORANDUM SHALL BE DEEMED TO HAVE AGREED TO OR BE BOUND BY AS SET OUT IN THE INFORMATION MEMORANDUM.



ABU DHABI NATIONAL ENERGY COMPANY PJSC

INFORMATION MEMORANDUM

Sukuk Murabahah Programme for aggregate nominal amount
of up to RM3,500,000,000

Lead Arranger and Lead Manager



STANDARD CHARTERED SAADIQ BERHAD
(Company No.: 823437-K)

Dated 5 October 2011

IMPORTANT NOTICE

Responsibility Statements

This Information Memorandum has been approved by the Board of Directors of Abu Dhabi National Energy Company PJSC (“**TAQA**” or the “**Issuer**”) and TAQA accepts full responsibility for the accuracy of the information contained in this Information Memorandum. TAQA, after having made all reasonable enquiries, confirms that (a) this Information Memorandum contains all information with respect to the Issuer and its subsidiaries which is material in the context thereof; and (b) there is no material omission nor are there any false or misleading statements in any material respect in this Information Memorandum or other facts the omission of which would make any statement in this Information Memorandum false or misleading in any material respect in the context of the issue, offer, sale or invitation to subscribe or purchase the Ringgit denominated sukuk (“**Sukuk Murabahah**”) under the sukuk programme established by TAQA for the aggregate nominal amount of up to RM3,500,000,000 (“**Sukuk Murabahah Programme**”). The opinions and intentions expressed in this Information Memorandum with regard to TAQA and its subsidiaries are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and all reasonable enquiries have been made by TAQA to ascertain such facts and to verify the accuracy of all such information and statements. No representation or warranty, expressed or implied, is made such that the information remains unchanged in any respect as of any date or dates after those stated herein, with respect to any matter concerning the Issuer, any of its subsidiaries or any statement made in this Information Memorandum. In this context, TAQA and the Board of Directors accept full responsibility for such information contained in this Information Memorandum.

Important Notice and General Statement of Disclaimer

This Information Memorandum is provided to prospective investors by TAQA on a private and confidential basis for use solely in connection with the issue by TAQA of the Sukuk Murabahah.

The Sukuk Murabahah Programme has been accorded a final rating of AA1 by RAM Rating Services Berhad (“**RAM**”) and a provisional rating of A3 by Moody’s Investors Service Limited. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the rating agency.

This Information Memorandum shall not be, in whole or in part, reproduced or used for any other purpose, or shown, given, copied to or filed with any other person including, without limitation, any government or regulatory authority except with the prior written consent of Standard Chartered Saadiq Berhad as the lead arranger and the lead manager (“**Lead Arranger**” or “**Lead Manager**”) unless required under Malaysian laws, regulations and/or guidelines.

Neither the Lead Arranger nor the Lead Manager has independently verified the information contained herein. To the fullest extent permitted by law, the Lead Arranger and the Lead Manager do not accept any responsibility or liability for the information and data contained in this Information Memorandum or for any other statement made or purported to be made by the Lead Arranger or the Lead Manager or on their behalf in connection with TAQA, the Sukuk Murabahah Programme or the issue and offering of the Sukuk Murabahah. Each of the Lead Arranger and the Lead Manager accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it may otherwise have in respect of this Information Memorandum or any such

data or statement. No statement, representation, warranty or undertaking, express or implied, is made, given or assumed by the Lead Arranger or the Lead Manager as to the authenticity, origin, validity, accuracy or completeness of such information and data or that the information or data remains unchanged in any respect after the relevant date shown in this Information Memorandum.

No person is authorised to give any information or data or to make any representation or warranty other than as contained in this Information Memorandum and, if given or made, any such information, data, representation or warranty must not be relied upon as having been authorised by TAQA, the Lead Arranger, the Lead Manager or any other person.

This Information Memorandum has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia (“**Foreign Jurisdiction**”), and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any Foreign Jurisdiction and it does not constitute an issue, offer or sale of, or an invitation to subscribe or purchase the Sukuk Murabahah or any other securities of any kind by any party in any Foreign Jurisdiction. In particular, the Sukuk Murabahah have not been and will not be registered under the United States of America (“**U.S.**”) Securities Act of 1933, as amended (the “**Securities Act**”), and they may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Sukuk Murabahah are being offered and sold outside the U.S. in offshore transactions in reliance on Regulation S under the Securities Act.

No action has been or will be taken in any country or jurisdiction by TAQA, the Lead Arranger or the Lead Manager that would permit an issue or offering or an invitation to subscribe for or purchase the Sukuk Murabahah, 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 Information Memorandum comes are required by TAQA, the Lead Arranger and the Lead Manager to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver the Sukuk Murabahah or have in their possession or distribute such offering material, in all cases at their own expense.

The distribution or possession of this Information Memorandum in or from certain jurisdictions may be restricted or prohibited by law. Each recipient is required to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. None of TAQA, the Lead Arranger and the Lead Manager accepts any responsibility or liability to any person in relation to the distribution or possession of this Information Memorandum in or from any such Foreign Jurisdiction.

None of TAQA, the Lead Arranger and the Lead Manager represents that the Sukuk Murabahah may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

This Information Memorandum is not and is not intended to be a prospectus. Unless otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is correct as at the date hereof. Neither the delivery of the Information Memorandum, nor any sale of the Sukuk Murabahah, shall under any circumstance, create any implication that there has been no change in the information contained and incorporated by reference in this Information Memorandum since the date of it or that the information contained or

incorporated by reference in it is correct as of any time subsequent to either of such dates, as the case may be.

By accepting delivery of this Information Memorandum, each recipient agrees to the terms upon which this Information Memorandum is provided to such recipient as set out in this Information Memorandum, and further agrees and confirms that:

- (a) it will keep confidential all of such information and data and will not reproduce it howsoever and in whatsoever manner, without the consent of TAQA, the Lead Arranger and the Lead Manager;
- (b) it is lawful for the recipient to subscribe for or purchase the Sukuk Murabahah under all jurisdictions to which the recipient is subject;
- (c) the recipient has complied with all applicable laws in connection with such subscription or purchase of the Sukuk Murabahah;
- (d) TAQA, the Lead Arranger, the Lead Manager and their respective directors, officers, employees and professional advisers are not and will not be in breach of the laws of any jurisdiction to which the recipient is subject as a result of such subscription or purchase of the Sukuk Murabahah, and they shall not have any responsibility or liability in the event that such subscription or purchase of the Sukuk Murabahah is or shall become unlawful, unenforceable, voidable or void;
- (e) it is aware that the Sukuk Murabahah can only be offered, sold, transferred or otherwise disposed of directly or indirectly in accordance with the relevant selling restrictions and all applicable laws;
- (f) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Sukuk Murabahah, and is able and is prepared to bear the economic and financial risks of investing in or holding the Sukuk Murabahah;
- (g) it is subscribing or accepting the Sukuk Murabahah for its own account; and
- (h) it is a person to whom an issue, offer or invitation to subscribe or purchase the Sukuk Murabahah would constitute a person falling within any one or more of the categories of persons specified in Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) of the Capital Markets and Services Act 2007 (“CMSA”) as amended from time to time.

Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject. For the avoidance of doubt, the Information Memorandum shall not constitute an offer or invitation to subscribe or purchase the Sukuk Murabahah in relation to any recipient who does not fall within item (h) above.

Neither this Information Memorandum nor any other information supplied in connection with the Sukuk Murabahah is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation by the Issuer, the Lead Arranger or the Lead Manager that any recipient of this Information Memorandum should purchase any of the Sukuk Murabahah. This Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all-inclusive.

Each recipient contemplating purchasing the Sukuk Murabahah should perform and is deemed to have made its own independent investigation and analysis of the financial condition, status and affairs, and its own appraisal of the creditworthiness and nature, of TAQA and of its subsidiaries and associated companies, the terms of the offering of the Sukuk Murabahah, including the merits and risks involved, and all other relevant matters, and each recipient should consult its own professional advisers. All information and statements herein are subject to the detailed provisions

of the respective agreements referred to herein and are qualified in their entirety by reference to such documents.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Sukuk Murabahah shall in any circumstance imply that the information contained herein concerning TAQA is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Sukuk Murabahah is correct as of any time subsequent to the date indicated in the document containing the same. None of the Lead Arranger, the Lead Manager or any other advisers for the Sukuk Murabahah Programme undertakes to review the financial condition or affairs of TAQA or to advise any investor in any Sukuk Murabahah of any information coming to their respective attention. The recipient of this Information Memorandum or the potential investors should review, *inter alia*, the most recently published documents incorporated by reference into this Information Memorandum when deciding whether or not to purchase any Sukuk Murabahah.

This Information Memorandum includes certain historical information, estimates, or reports thereon derived from sources mentioned in this Information Memorandum and other parties with respect to the economy in the United Arab Emirates, the material businesses in which TAQA and its subsidiaries operate and certain other matters. Such information, estimates, or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimate and or report thereon derived from such and other third party sources.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “*RISK FACTORS*” IN SECTION 2.0 HEREOF.

Certain statements in this Information Memorandum are based on historical data, which may not be reflective of the future, and others are forward-looking in nature and are subject to risks and uncertainties. While TAQA believes that these forward-looking statements are reasonable, these statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. TAQA is not under any obligation to update or revise such forward-looking statements to reflect any change in expectations or circumstances. In light of all this, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by TAQA that the plans and objectives of TAQA will be achieved.

Acknowledgement

TAQA hereby acknowledges that it has authorised the Lead Arranger and the Lead Manager to circulate or distribute this Information Memorandum on its behalf in respect of or in connection with the proposed offer or invitation to subscribe for and issue of the Sukuk Murabahah to prospective investors to whom an issue, offer or invitation to subscribe or purchase the Sukuk Murabahah would constitute persons falling within any one or more of the categories specified in Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) of the CMSA as amended from time to time and that no further evidence of authorisation is required.

Statements of Disclaimer by the Securities Commission

A copy of this Information Memorandum has been deposited with the Securities Commission of

Malaysia (“SC”), which takes no responsibility for its contents.

Upon receipt of a complete submission pursuant to the relevant requirements in the Islamic Securities Guidelines (Sukuk Guidelines) issued by the SC (“**IS Guidelines**”), the SC is deemed to have approved the sale of the Sukuk Murabahah pursuant to the CMSA. Please note that the deemed approval of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Sukuk Murabahah.

The SC takes no responsibility for the contents of this Information Memorandum and shall not be liable for any non-disclosure on the part of TAQA and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Information Memorandum.

The documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum including all supplements or amendments to this Information Memorandum circulated by the Issuer, if any, save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.

IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR SUBSCRIBING FOR THE SUKUK MURABAHAH.

CONFIDENTIALITY

To the recipient of this Information Memorandum:

This Information Memorandum and its contents are strictly confidential and are provided strictly on the basis that the recipient will ensure the same remains confidential. Accordingly, this Information Memorandum and its contents, and/or any information which is made available in connection with any further enquiries, must be held in complete confidence.

THIS INFORMATION MEMORANDUM IS SUBMITTED TO SELECTED PERSONS SPECIFICALLY TO WHOM AN ISSUE, OFFER OR INVITATION TO SUBSCRIBE OR PURCHASE THE SUKUK MURABAHAH WOULD CONSTITUTE PERSONS FALLING WITHIN ANY ONE OR MORE OF THE CATEGORIES SPECIFIED IN SCHEDULE 6 OR SECTION 229(1)(B) AND SCHEDULE 7 OR SECTION 230(1)(B) OF THE CMSA AS AMENDED FROM TIME TO TIME AND MAY NOT BE REPRODUCED OR USED, IN WHOLE OR IN PART, FOR ANY PURPOSE, NOR FURNISHED TO ANY PERSON OTHER THAN THOSE TO WHOM COPIES HAVE BEEN SENT BY THE LEAD MANAGER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF APPLICABLE LAWS. IF YOU HAVE RECEIVED THIS INFORMATION MEMORANDUM CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

In the event that there is any contravention of this confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, TAQA, the Lead Arranger and/or the Lead Manager may, at their discretion apply for any available remedy whether at law or equity, including without limitation, injunctions. TAQA, the Lead Arranger and/or the Lead Manager are entitled to fully recover from the contravening party all costs, expenses and losses incurred and/or suffered, in this regard on a full indemnity basis. For the avoidance of doubt, it is hereby deemed that this confidentiality undertaking shall be imposed upon the recipient, the recipient's professional advisors, directors, employees and any other persons who may receive this Information Memorandum (or any part of it) from the recipient.

The recipient must return this Information Memorandum and all copies whether in whole or in part and any other information in connection therewith to the Lead Arranger or the Lead Manager promptly upon the Lead Arranger's, the Lead Manager's or TAQA's request.

FORWARD-LOOKING STATEMENTS

TAQA has included statements in this Information Memorandum which contain words or phrases such as "will", "would", "aimed", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will achieve", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "seeking to", "target", "propose to", "future", "objective", "goal", "project", "should", "can", "could", "may" and similar expressions or variations of such expressions, that are "forward-looking statements". Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the expectations of TAQA with respect to, but not limited to, its ability to successfully implement its strategy, its

ability to integrate future mergers or acquisitions into its operations, future levels of non-performing assets and restructured assets, its growth and expansion, the adequacy of its allowance for credit and investment losses, technological changes, investment income, its ability to market new products, cash flow projections, the outcome of any legal or regulatory proceedings it is or becomes a party to, the future impact of new accounting standards, its ability to implement its dividend policy, the impact of United Arab Emirates regulation on it, which includes the assets and liabilities of TAQA, its ability to roll over its short-term funding sources, its exposure to market risks and the market acceptance of and demand for power.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this Information Memorandum include, but are not limited to general economic and political conditions in the United Arab Emirates and the other countries which have an impact on TAQA's business activities or investments, political or financial instability in the United Arab Emirates, Malaysia or elsewhere or any other acts of terrorism worldwide, any anti-terrorist or other attacks by any country, inflation, deflation, unanticipated turbulence in interest rates, changes in the value of the currency of the United Arab Emirates, foreign exchange rate, equity prices or other rates or prices, the performance of the financial markets in the United Arab Emirates and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and pricing environment in the United Arab Emirates and regional or general changes in asset valuations. For a further discussion on the factors that could cause actual results to differ, see "**Risk Factors**" under Section 2.0 hereof.

SHARIAH ADVISER

The transaction structure relating to the Sukuk Murabahah has been approved by Standard Chartered Saadiq Berhad Shariah Committee, as Shariah Adviser. Prospective holders of the Sukuk Murabahah should not rely on the approval referred to above in deciding whether to make an investment in the Sukuk Murabahah and should consult their own Shariah advisers as to whether the proposed transaction described in the approval referred to above is in compliance with Shariah principles.

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AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF TAQA FOR THE YEARS
ENDED 31 DECEMBER 2008, 31 DECEMBER 2009 AND 2010 AND THE UNAUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF TAQA FOR THE PERIOD ENDED 30 JUNE 2011

GLOSSARY

Except where the context otherwise requires, the following abbreviations and definitions apply throughout this Information Memorandum:

ADWEA	Abu Dhabi Water and Electricity Authority;
ADWEC	Abu Dhabi Water and Electricity Company;
AECO	Alberta Energy Company, the historical operator of a natural gas hub in Southeast Alberta. The AECO price is the benchmark natural gas price determined at that hub;
AED or UAE Dirham	United Arab Emirates Dirham, which is the lawful currency of the UAE;
bbls/d	Barrels per day;
bcf	Billion cubic feet;
boe/d	Barrels of oil equivalent per day;
BNM	Bank Negara Malaysia;
Board of Directors	Board of Directors of TAQA;
Brae Assets	The non-operated interests in the United Kingdom Continental Shelf, the related interest in the SAGE pipeline and the Brae-Miller Linkline located in the North Sea;
brownfield	The development, extension and upgrade of existing plants at the relevant sites. Umm al Nar, Taweelah A1, Taweelah B and Fujairah are examples of brownfield developments;
Cdn.\$	Canadian Dollars, which is the lawful currency of Canada;
Certificates	The global certificates and definitive certificates in respect of the Sukuk Murabahah;
CHSA	Coal Handling and Storage Agreement;
CMSA	The Malaysian Capital Markets and Services Act 2007;
Commodities	The Shariah compliant commodities (excluding currencies, gold and silver) as specified in the Purchase Order;
Commodity Murabahah Master Agreement	The agreement between the Issuer, the Facility Agent and the Lead Arranger in relation to the Sukuk Murabahah Programme upon the terms and subject to the conditions therein contained;
Conditions	The terms and conditions of the Sukuk Murabahah of any Series set out in Schedule 2 of the Trust Deed, and any reference to a numbered “ Condition ” is to the correspondingly numbered provision thereof;
CTA	Coal Terminal Agreement;
Deferred Sale Price	The sale price to be paid by the Purchaser to the Sukukholders for its purchase of the Commodities on deferred payment basis;

Euro	The single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the treaty establishing the European Community, as amended from time to time;
Events of Default	Any of the events set out in Condition 12;
Facility Agent	Standard Chartered Saadiq Berhad (Company No.: 823437-K) in its capacity as facility agent and includes its successors in title and assigns and any successor in such capacity;
FAST	Fully Automated System for Issuing/Tendering operated by BNM as varied, upgraded or substituted from time to time;
Final Terms	Each document titled as such that sets out the specific terms of a particular Series and such other information or disclosures as the Issuer considers necessary;
FSA	Fuel Supply Agreement;
greenfield	The construction of new plants. Taweelah A2 and Shuweihat S1 are examples of greenfield developments;
Group	The Issuer and its subsidiaries;
Information Memorandum	This information memorandum;
IS Guidelines	Islamic Securities Guidelines (Sukuk Guidelines) revised on 12 July 2011 issued by the SC which became effective on 12 August 2011;
Issue	An issue of Sukuk Murabahah pursuant to a Purchase Order;
Issuer	Abu Dhabi National Energy Company PJSC;
JLEC	Jorf Lasfar Energy S.A. and its subsidiaries;
Lead Arranger	Standard Chartered Saadiq Berhad (Company No.: 823437-K) in its capacity as lead arranger and includes its successors in title and assigns and any successor in such capacity;
Lead Manager	Standard Chartered Saadiq Berhad (Company No.: 823437-K) and includes any manager(s) and institutions as the Issuer may appoint from time to time in respect of each Series as a lead manager under the Sukuk Murabahah Programme pursuant to the Commodity Murabahah Master Agreement (but excludes any Lead Manager whose appointment has lapsed pursuant to its terms);
Moody's	Moody's Investors Service Limited;
mboe/d	Thousand barrels of oil equivalents per day;
MIGD	Million Imperial Gallons per Day;
mmbbls	Million barrels;
mmbbls/d	Million barrels per day;

mmboe	Millions of barrels of oil equivalent;
mmcf/d	Million cubic feet per day;
mscf/d	Thousand standard cubic feet per day;
MW	Megawatt;
NLC	Neyveli Lignite Company;
North Sea Assets	The operated interests in the Tern, Eider, Pelican, North Cormorant, Cormorant Alpha, Kestrel, Otter, and Falcon producing fields in the North Sea, the non-operated interest in the producing Hudson field, the operated interest in the Brent pipeline system and the non-operated interest in the Sullom Voe terminal and in the SAGE pipeline system;
Negative Pledge	The negative pledge as stated in Condition 13.2 as set out in Section 4 of this Information Memorandum;
ONE	Office National de l'Electricité;
operating subsidiary	A TAQA subsidiary that operates a power generation and/or water desalination plant or that operates oil and gas exploration, production, storage, processing or transportation facilities;
PCOD	Project commercial operations date;
PJSC	Public Joint Stock Company;
PPA	Power Purchase Agreement;
Purchase Order	A written request from the Purchaser to TAQA as the primary purchasing agent and the Facility Agent as the secondary purchasing agent requesting for the purchase of the Commodities;
Purchaser	TAQA and its successors in title and permitted assigns;
PWPA	Power and Water Purchase Agreement;
RAM	RAM Rating Services Berhad;
RM or Ringgit or Ringgit Malaysia	Ringgit Malaysia, which is the lawful currency of Malaysia;
SC	The Securities Commission of Malaysia established under the Securities Commission Act 1993 or any successor in such capacity;
SCECPL	ST-CMS Electric Company India Private Limited;
Series	A series of Sukuk Murabahah having the same date of issuance and identical terms in all respects;
Shariah Adviser	Standard Chartered Saadiq Berhad Shariah Committee or such other Shariah adviser agreed by the Issuer and the Trustee and approved by the SC;

Sukuk Murabahah	The sukuk, in accordance with the Shariah principle of Murabahah involving selected Commodities, issued or to be issued by TAQA from time to time under the Sukuk Murabahah Programme;
Sukukholder	In relation to any Sukuk Murabahah, the bearer for the time being of that Sukuk Murabahah or the person who for the time being is entitled to that Sukuk Murabahah and references to “ Sukukholders ” shall be construed accordingly;
Sukuk Murabahah Programme	RM3,500,000,000 sukuk programme of TAQA, based on the Shariah principle of Murabahah involving selected Commodities;
TANGEDCO	Tamil Nadu Generation and Distribution Corporation Limited;
TAQA	Abu Dhabi National Energy Company PJSC;
TAQA Bratani	TAQA Bratani Limited and its subsidiaries;
TAQA Energy	TAQA Energy B.V. and its subsidiaries;
TAQA Gen-X	TAQA Gen-X L.P.;
TAQA NORTH	TAQA NORTH Ltd and its subsidiaries and partnership of which it is a general partner;
TNA	TAQA North Africa;
TPA	Transfer of Possession Agreement;
Transaction Documents	Collectively, the Commodity Murabahah Master Agreement, the Service Agency Agreement, the Facility Agency Agreement, the Trust Deed, the Issue Agency Agreement, the Certificates and any other documents designated as such by the Issuer and the Trustee (as may from time to time be amended, supplemented or substituted), and references to a “ Transaction Documents ” shall mean each or any one of them;
Trust Deed	The trust deed between the Issuer and the Trustee whereby the Trustee is appointed by the Issuer to act as the trustee for the Sukukholders upon the terms and subject to the conditions therein contained;
Trustee	Deutsche Trustees Malaysia Berhad (Company No. 763590-H) in its capacity as trustee for the Sukukholders and includes its successors-in-title and assigns and any successors in such capacity and any other trustee or trustees for the time being appointed in such capacity;
UAE	United Arab Emirates;
US	United States of America; and
U.S.\$ or U.S. Dollar	United States Dollar, which is the lawful currency of the United States of America.

1.0 EXECUTIVE SUMMARY

1.1 The Issuer

TAQA was established in 2005 as a government-controlled entity responsible for holding the majority of Abu Dhabi's power generation and water desalination plants. TAQA holds majority stakes in eight independent water and power producers in Abu Dhabi, which provide almost all of the power and water requirements of Abu Dhabi. TAQA is incorporated as a Public Joint Stock Company and is listed on the Abu Dhabi Securities Exchange. Since its establishment, TAQA has expanded its business to include power generation facilities outside the UAE and also into oil and gas exploration and production and related midstream businesses.

TAQA produces oil and gas in North America, the United Kingdom North Sea and The Netherlands. In respect of its power generation business, TAQA is one of the largest independent power producers globally with installed capacity in excess of 15,000 MW (Gross) (in excess of 9,200 MW (Net)) as at 30 June 2011. TAQA's power generation footprint includes the UAE, Oman, Kingdom of Saudi Arabia, India, Morocco, Ghana and the United States.

As at 30 September 2011, TAQA was 72.62% owned by the government of Abu Dhabi, which ownership was held through ADWEA (51.05%), the government-affiliated Farmers' Fund (21.12%) and other government entities (0.45%). The remaining equity shares (27.38%) were publicly held by private shareholders and of those publicly floated shares, 2.5% were owned by TAQA as treasury shares.

ADWEA is an Abu Dhabi government authority established in 1998 to replace the former Water & Electricity Department. ADWEA is responsible for implementing government policies relating to the water and electricity sector in Abu Dhabi.

As at 30 September 2011, the authorised, issued and paid up share capital of TAQA was AED6,225,000,000.00 consisting of 6,225,000,000 ordinary shares of AED1.00 each.

1.2 General Description of the Sukuk Murabahah Programme

TAQA intends to establish a sukuk Murabahah programme of up to RM3.5 billion with a tenure of up to 20 years, pursuant to which TAQA may, subject to favourable market condition and compliance with all relevant laws, regulations and directives from time to time, issue sukuk which are based on the Shariah principle of Murabahah involving selected Commodities.

The Sukuk Murabahah Programme falls under Schedule 8 of the CMSA. Pursuant to Section 257(1) of the CMSA, the provisions of Subdivision 1 of Division 4 of Part VI and Section 283 of Subdivision 2 of Division 4 of Part VI of the CMSA shall not apply to any issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures specified in Schedule 8. The Sukuk Murabahah Programme and the Sukuk Murabahah are not required to comply with, amongst others, the "Trust Deed Guidelines" prescribed by the SC.

The Sukuk Murabahah of each Series represents (a) an undivided beneficial ownership interest in the Commodities, and (b) upon the sale of the Commodities to TAQA as the purchaser, the entitlement to receive the Deferred Sale Price of the relevant Series, each subject to the terms of the Transaction Documents and the Conditions. Each Sukuk Murabahah of the relevant Series will constitute (subject to the Negative Pledge) direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu*, without any preference or priority amongst themselves and other Sukuk Murabahah and *pari passu* with all other present and future unsecured and unsubordinated obligations for borrowed money or the indebtedness of the Issuer except those obligations preferred by law.

There shall be no guarantee on return of capital or profit in respect of the Sukuk Murabahah.

1.3 Approval from BNM

BNM has approved the establishment of the Sukuk Murabahah Programme (upon the terms and conditions therein contained) by a letter dated 1 June 2011.

1.4 Use of Proceeds

The net proceeds from the sale of each Series will be used or made available by the Issuer for its general corporate purposes provided always that any such utilisation mentioned above shall be in compliance with the Shariah principles.

1.5 Rating

The Sukuk Murabahah Programme has been accorded a final rating of AA1 by RAM and a provisional rating of A3 by Moody's.

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2.0 RISK FACTORS

The following considerations may affect the ability of TAQA to fulfil its obligations under the Sukuk Murabahah issued under the Sukuk Murabahah Programme. Most of these considerations are contingencies which may or may not occur, and TAQA is not in a position to express a view on the likelihood of any such contingency occurring. In addition, considerations which (although not exhaustive) could be material for the purpose of assessing the market risks associated with the Sukuk Murabahah are also described below.

Prospective investors of the Sukuk Murabahah should note that the inability of TAQA to pay any amounts on or in connection with the Sukuk Murabahah may occur for reasons other than those stated below which may not be considered significant risks by TAQA based on information currently available to it or which it may not currently be able to anticipate and TAQA does not represent that such statements below regarding the risks of holding the Sukuk Murabahah are exhaustive. Prospective investors in the Sukuk Murabahah should also read the information set out elsewhere in this Information Memorandum, in addition to the considerations described below, before investing in the Sukuk Murabahah. Prospective investors should also (a) consult their own financial and legal advisers about risks associated with any investment in the Sukuk Murabahah and the suitability of investing in such Sukuk Murabahah in light of their particular circumstances; and (b) undertake their own investigations and analysis of TAQA, TAQA's business and risks associated with such Sukuk Murabahah.

2.1 Factors that may affect TAQA's ability to fulfil its obligations in relation to Sukuk Murabahah issued under the Sukuk Murabahah Programme

2.1.1 Risks Relating to TAQA's Businesses Generally

- (a) *TAQA's ability to make payments on the Sukuk Murabahah depends upon dividends and distributions from its subsidiaries and the companies in which it invests from time to time*

TAQA is a holding company which conducts its operations principally through, and derives substantially all of its revenues from, its operating subsidiaries. As a result of its holding company structure, TAQA's operating cash flow and ability to meet its obligations, including payments of the nominal value of the Sukuk Murabahah or profit on the Sukuk Murabahah, each depend upon the operating cash flow of TAQA's subsidiaries and the companies in which it invests.

The ability of TAQA's subsidiaries and the companies in which it invests to pay debt service, dividends or make other distributions or payments to TAQA will be subject to, among other things, the availability of profits or funds, and restrictions on the payment of dividends set forth in covenants given in connection with financial indebtedness and applicable laws and regulations, including, as a result of TAQA's investments in regulated utilities, restrictions that may be imposed by regulatory authorities. The terms and conditions of the Sukuk Murabahah contain no covenants that prevent those companies from entering into agreements which may restrict their ability to pay dividends or make payments to TAQA and its affiliates.

- (b) *Declining general economic, business or industry conditions*

Recently, concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit and declining real estate markets have contributed to increased economic uncertainty and diminished expectations for the global economy. These factors, combined with declining business and consumer confidence and increased unemployment, have precipitated an economic slowdown and a recession. Concerns about global economic growth have had a significant adverse impact on global financial markets and commodity

prices. If the economic climate continues to deteriorate, recessionary conditions occur and persist, demand for oil and gas products, water, and energy produced by TAQA, its subsidiaries and the companies in which it invests, could continue to diminish, which would impact the price at which TAQA can sell its oil and gas or charge to store gas, affect its vendors', suppliers' and customers' ability to continue operations, and ultimately adversely impact TAQA's business, results of operations and financial condition.

(c) *TAQA's business is subject to operational hazards*

TAQA's business is subject to all of the operating risks normally associated with the ownership and management of power generation plants as well as the exploration for, and the production, storage, transmission and marketing of, oil and gas. These risks include explosions, fire, gaseous leaks, migration of harmful substances and oil spills, any of which could cause personal injury, result in damage to, or destruction of, oil and gas wells or formations or production facilities and other property, equipment and the environment, as well as interrupt operations. Any such events could result in costs, losses or liabilities accruing to TAQA, its subsidiaries and the companies in which it invests.

In addition, TAQA's oil and gas operations are subject to all of the risks normally incidental to the drilling of oil and natural gas wells, laying pipelines, constructing sophisticated gas storage or carbon sequestration facilities and the operation and development of oil and gas properties, including encountering premature decline of reservoirs, invasion of water into producing formations, unexpected formations or pressures, blowouts, explosions, fires, equipment failures and other accidents, uncontrollable flows of oil, gas or well fluids, adverse weather conditions, adverse seismic conditions, chemical reactions in reservoirs, pollution and other environmental risks. TAQA's offshore production facilities are also subject to incremental hazards inherent in offshore drilling, including loss of integrity as a result of the age of the facilities and their exposure to an extreme marine environment, capsizing, sinking, grounding, vessel collision and damage from severe storms or other severe weather conditions, which individually or in the aggregate could have a significant impact as large amounts of TAQA's and third parties' production may utilize common facilities. TAQA may also experience difficulties transporting the oil and gas it produces depending upon the proximity of its reserves to pipelines, gathering systems and processing facilities.

The materialisation of any of these risks may, individually or in the aggregate, have a material adverse effect on TAQA's business, results of operations and financial condition.

(d) *Liabilities relating to investments and divestments*

In connection with the investment in, or divestment of, shareholdings in or assets of a company, TAQA and/or its subsidiaries are not always fully indemnified by the transferor, or may owe obligations to the transferee, as the case may be, in respect of certain liabilities relating to the companies or the assets transferred. Although TAQA undertakes due diligence prior to the acquisition of assets and interests that it believes is consistent with industry best-practice, such a process may not necessarily reveal existing or potential problems, nor will it permit a buyer of assets from TAQA to become sufficiently familiar with the properties to assess exhaustively their deficiencies and capabilities. Inspections may not be performed on every oil and gas well, storage or distribution facility, power generation facility or water desalination facility. Structural or environmental problems, such as ground water contamination, are not necessarily observable even when an inspection is undertaken. It may therefore be possible that the entities and assets acquired are subject to liabilities of which TAQA is unaware. In addition, TAQA may be required to assume liabilities accrued prior to the transfer of its

assets, including environmental liabilities, and may acquire interests in properties on an “as is” basis. While TAQA is currently not aware of any significant existing or potential claims or liabilities related to its prospective investments or divestments, it may be exposed to such claims or liabilities in the future, including those relating to taxes and the environment. In instances where TAQA has obtained warranties or other protections to mitigate such risks, there is no certainty that it will be able to enforce its contractual or other rights. If TAQA incurs significant post-acquisition liabilities that it is unsuccessful at mitigating, its business, results of operations and financial condition could be materially adversely affected.

(e) *TAQA’s operating subsidiaries’ facilities could be exposed to catastrophic events, including natural disasters, terrorist attacks or war, that are beyond TAQA’s control*

TAQA’s facilities may be exposed to the effects of natural disasters and other potentially catastrophic events, such as major accidents, armed conflicts, hostilities and terrorist attacks. This risk is increased by the broad geographical scope of TAQA’s operations and the fact that TAQA’s operations are commonly large, key infrastructure facilities. Although constructed, operated and maintained to mitigate the effects of certain of these occurrences, TAQA’s facilities will not be adequately protected in all circumstances. In addition, TAQA may suffer adverse consequences from any such events affecting similar or related facilities in the countries or regions in which it operates, even if TAQA’s own facilities are not directly affected. There can be no assurance that any such events will not occur, or will not materially and adversely affect a facility’s operations and thereby have a material adverse effect on TAQA’s business, results of operations and financial condition.

(f) *TAQA’s rapid growth may place significant strains on its management and systems*

TAQA’s business has expanded rapidly since 2006, and it has diversified its activities from electricity generation and water desalination in the UAE into the upstream (exploration and production), midstream (storage and transmission) and downstream (power generation) sectors of the energy industry. During this time, it has also expanded its geographic scope and its assets are now located in North America (including Canada and the United States), the United Kingdom, The Netherlands, Morocco, India, Ghana and Saudi Arabia. Although TAQA has recruited management personnel with experience in the new industry sectors and geographies in which it operates, this expansion may challenge its management as it adapts to working in new sectors and across a number of geographies and time zones. TAQA’s rapid growth also requires, among other things, stringent control of financial systems and operations, the continued development of management controls, the training of new personnel and continued access to funds to finance this growth. There can be no assurance that TAQA’s existing systems and resources, including financial reporting and controls, will be adequate to support the future growth of its operations.

TAQA’s rapid expansion may cause difficulties in integrating different business cultures, management styles and systems. The inability of TAQA’s senior managers to manage these risks could have a material adverse effect on TAQA’s business, results of operations and financial condition.

(g) *Significant capital expenditure and ongoing funding may be required to develop TAQA’s assets*

TAQA’s business plan to exploit and commercialise its assets, including for the maintenance of the integrity of existing facilities, may require significant capital

expenditure and funding, for example in the development of the Bergermeer gas reservoir and carbon sequestration storage facilities. If sufficient funding is not available to TAQA to meet these planned capital expenditure and funding requirements, this could have a material adverse effect on its business, results of operations and financial condition.

(h) *TAQA is subject to joint venture risks*

Some of TAQA's current and future operations and investments are or will be in jointly controlled entities and associated companies. Co-operation and agreement among joint venture partners on existing or any future projects are important factors for their smooth operation and financial success. Joint venture partners may (i) have economic or business interests or goals that are inconsistent with those of TAQA, (ii) be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements or (iii) experience financial or other difficulties which may materially adversely impact the success of the relevant investment. TAQA can give no assurance as to the performance of any of its joint venture partners.

Further, TAQA may not be able to control the decision-making process of the joint ventures without reference to the joint venture partners, especially if it does not have majority control of the joint venture. Although TAQA will seek to exert a degree of influence over the management and operation of its investments by negotiating to obtain positions on management committees, to share control of the project with its joint venture partners and to have veto rights in respect of key decisions, TAQA may not always be successful. Moreover, these provisions may cause the management of relevant companies to become deadlocked, which may result in increased costs for the relevant joint ventures and cause delays to the projects they operate. In addition, the consent of its joint venture partners may be required for the payment of distributions or for the sale of those investments. This could prevent TAQA from managing its investments in the manner that it would prefer, and may hinder or prevent TAQA from realising the benefits of its investments.

Any of the foregoing could adversely affect TAQA's business, results of operation and financial condition.

(i) *TAQA's projects under construction may not commence operation as scheduled, within budget or may not meet project specifications*

The period leading to the commencement of operation of newly constructed power generation and water desalination plants (including the extension of the Jorf Lasfar power generation facility in Morocco (see "*Principal Information Regarding TAQA – Business – Business Segments – Power and Water – International Power and Water Assets – Jorf Lasfar – Morocco*" in Section 6.0 hereof) and the Shuweihat 2 power and water plant in the Emirate of Abu Dhabi) and oil and gas facilities (including the Bergermeer gas storage facility (see "*Principal Information Regarding TAQA – Business – Business Segments – Oil and Gas – Overview of Midstream oil and gas storage, processing and transport – The Netherlands midstream assets*" in Section 6.0 hereof)) involves many risks, including:

- environmental, engineering, procurement and construction cost overruns and delays;
- the breakdown or failure of equipment, processes or technology;
- start-up and commissioning problems;
- problems relating to the connection of the new facilities to distribution networks;
- legal obstacles, such as obtaining rights of way in particular regarding pipeline tracks or

- changes being made to the third party access rules; and
- delays in receiving necessary permits or licenses for a proposed project.

These risks may significantly delay or prevent the commencement of operations of such projects, or increase the cost of implementing such projects, which, in turn, may materially and adversely affect TAQA's business, results of operations and financial condition.

(j) *TAQA's land and mineral rights may be subject to challenge*

TAQA has extensive land and mineral rights in a variety of jurisdictions that are subject to different laws and regulations. There is no guarantee that an unforeseen defect in title, change in laws or change in their interpretation or political events will not arise to allow a third party to challenge the claim of TAQA to one or more of its properties and/or assets which could result in a material adverse effect on TAQA's business, results of operations and financial condition.

(k) *TAQA's licenses may be suspended, terminated or revoked before their expiration and TAQA may be unable to obtain or maintain various permits or authorisations for its operations*

TAQA conducts its oil and gas operations under numerous exploration, development and production licences and leases. In addition, TAQA conducts its downstream operations under numerous licences. Most of these licences and leases may be suspended, terminated or revoked if TAQA fails to comply with the licence or lease requirements, does not make timely payments of levies and taxes, does not comply with emissions and other environmental requirements, systematically fails to provide information, becomes insolvent, fails to fulfil any capital expenditure or production obligations or does not develop the area to which the license or lease relates. TAQA may not comply with certain licence or lease requirements for some or all of its licence and lease areas. If it fails to fulfil the specific terms of any of its licences or leases or if it operates in its licence and lease areas in a manner that violates applicable law, government regulators may impose fines or suspend or terminate its licences or leases, any of which could have a material adverse effect on TAQA's business, results of operations and financial condition.

In addition, to operate its business as currently contemplated, TAQA must obtain permits and authorisations to conduct operations, such as land allotments, approvals of designs and feasibility studies, environmental impact studies, pilot projects and development plans, and for the construction of any facilities onsite. This includes permits and authorisations from local municipalities, particularly in connection with the development of the Bergermeer gas reservoir (see "*Principal Information Regarding TAQA – Business – Business Segments – Oil and Gas – Overview of Midstream oil and gas storage, processing and transport – The Netherlands midstream assets*" in Section 6.0 hereof). TAQA may not be able to obtain all required permits and authorisations. If TAQA fails to receive any required permits or authorisations, it may have to delay its investment or development programmes, or both, which could materially adversely affect its business, results of operations and financial condition.

(l) *TAQA could incur significant decommissioning costs in relation to its facilities*

The costs of decommissioning oil and gas production, distribution and storage facilities as well as power generation and water desalination facilities which are currently in operation or development are generally payable at a time when assets are no longer generating cash

flow. These decommissioning costs may be significant, depending on the location, size and length of operation of the facility which is being decommissioned. Although TAQA makes an accounting provision for decommissioning and site restoration costs, there are no immediate plans to establish a reserve account for these potential costs in respect of any of TAQA's current properties or facilities. Rather, the costs of decommissioning are expected to be paid from the proceeds of revenues generated by these assets in accordance with industry practice. There can, however, be no assurance that TAQA can accurately estimate decommissioning costs or that the revenues generated by these assets will be sufficient to meet the costs of decommissioning at the time when required to be incurred. To the extent that TAQA is required to divert funds from other operations to meet decommissioning costs, its business, results of operations and financial condition could be materially adversely effected.

In addition, when TAQA has acquired facilities from third parties, as part of the consideration for the acquisition TAQA has in most instances been required to accept the decommissioning liabilities with respect to such facilities and to protect the selling parties from the future decommissioning liabilities. Some of these third parties have the right to require TAQA to secure its obligations with a letter of credit or other cash equivalent collateral. As the decommissioning liabilities can be quite large, if these third parties were to require TAQA to post security for all or a material portion of these liabilities, TAQA would need to divert funds or liquidity from other business purposes such that its business, results of operations and financial condition could be materially adversely effected. Without limiting the generality of the foregoing, a UK affiliate of TAQA has entered into decommissioning deeds for certain of North Sea Assets acquired by it pursuant to which such affiliate is required to either (i) place monies in trust or procure the issuance of letters of credit in an amount equal to 150 per cent of the applicable share of the net decommissioning costs of the subject fields or (ii) procure a guarantee from TAQA or an affiliate with a credit rating of AA- (Standard & Poor's) or Aa3 (Moody's) or better. TAQA had initially provided a parent company guarantee, but in the interim TAQA's credit rating has been reduced to below the minimum credit rating specified in the deeds. TAQA has been and continues to be in good faith discussions with the other parties to the deeds regarding whether and to what extent TAQA will be required to replace some or all of the parent guaranty with other acceptable credit support, with no final decision having been reached. If TAQA was required to replace the parent guaranty in its entirety, the amount would be in excess of US\$1.0 billion. TAQA has the liquidity to provide such additional security without a material adverse impact on its results of operation or financial results, but it could have an adverse impact on the availability of capital for new initiatives.

(m) *Compliance with or any breach of environmental legislation may increase TAQA's operating costs*

TAQA is subject to environmental laws and regulations in each jurisdiction in which it operates. In addition, special provisions may be appropriate or required in environmentally sensitive areas of operation and further social and environmental obligations may be imposed upon TAQA through the terms of its commercial contracts and finance documents.

Significant liabilities could be imposed upon TAQA for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property purchased by TAQA or non-compliance with environmental laws or regulations. Should TAQA fail to comply with these obligations, it may be liable for penalties, including the risk of losing its operating licences, the risk of termination of applicable commercial contracts and/or the consequences of default under

its finance documents. Any of these could have a material adverse effect on TAQA's business, results of operations and financial condition.

In addition, governmental authorities in the jurisdictions where TAQA operates, and may operate from time to time, may enforce existing laws and regulations more strictly than they have done in the past and may impose stricter environmental standards, or higher levels of fines and penalties for violations, than those now in effect. Compliance with more stringent laws or regulations, or more vigorous enforcement policies of any regulatory authority, could in the future require TAQA to pay material amounts for the installation and operation of systems and equipment for remedial measures, to pay fees or fines for pollution or other breaches of environmental requirements and/or to curtail or cease certain operations. Accordingly, TAQA is unable to estimate the future financial impact of compliance with or the cost of a violation of its environmental obligations. There can be no assurance that such environmental obligations will not have a material adverse effect on TAQA's business, results of operations and financial condition.

(n) *TAQA could be found to be in violation of the safety standards and regulations that apply to it*

TAQA is subject to safety standards in each jurisdiction in which it operates in accordance with applicable law. These laws and regulations set various standards regulating certain aspects of health, safety and security. A violation of health and safety laws or failure to comply with the instructions of the relevant health and safety authorities could lead to, among other things, a temporary shut down of all, or a portion of, individual facilities and the imposition of costly compliance procedures. If health and safety authorities suspend or shut down any of TAQA's facilities, or impose costly compliance measures, TAQA's business, results of operations and financial condition could be materially and adversely affected.

The nature of TAQA's operations creates a risk of accidents and fatalities among its workforce, and TAQA may be required to pay compensation or suspend a part or all of its operations as a result of such accidents or fatalities, which could have a material adverse effect on TAQA's business, results of operations and financial condition.

(o) *TAQA's operations are subject to stringent regulation in all the jurisdictions in which it operates and its relationships with governments and the relevant regulatory authorities are crucial*

TAQA's operations are subject to stringent regulation in the jurisdictions in which it operates. Applicable regulations include the need to comply with complex and varied legal and regulatory requirements, including with respect to prices, taxes, royalties, land tenure, allowable production, the extraction, production, transportation, storage and export of oil and gas, the generation, production and distribution of power and water, as well as the risk of litigation or regulatory action by regulators in respect of these activities. Any regulatory actions against TAQA could lead to the loss or restriction of operating licences, thereby having a material adverse effect on TAQA's business, results of operations and financial condition.

Similarly, it is important that TAQA should maintain good relations with the governments and regulatory authorities of the jurisdictions in which it operates. This is particularly key in the emerging markets where there is significant scope for development of TAQA's business. While TAQA seeks to develop and maintain healthy relations with the governments and regulatory authorities in the jurisdictions in which it operates, these working relationships may not be developed or maintained as planned which could adversely effect TAQA's development.

(p) *TAQA's insurance policies may not always be adequate and may not cover all damage and losses*

While TAQA takes a conservative approach to managing risk, and uses insurance products to mitigate the effects of unexpected events (and its operating subsidiaries are often required by the terms of their commercial contracts and finance documents to procure comprehensive insurance and reinsurance packages), there can be no assurance that sufficient amounts of insurance and reinsurance will always be available at a reasonable price and on reasonable commercial terms.

In many cases it is not currently possible to procure insurance on a full reinstatement basis against the risk of terrorist attack. Moreover, the capacity of the international reinsurance market may be materially affected by disasters occurring elsewhere in the world to an extent which may restrict or prevent TAQA's ability to obtain new policies.

In addition, the terms of TAQA's operating subsidiaries' finance documents often impose restrictions on distributions during periods where those companies are not in full compliance with their insurance procurement obligations.

Any of these risks materialising may have a material adverse effect on TAQA's business, results of operations and financial condition.

(q) *TAQA may be unable to recruit and retain qualified personnel*

TAQA's continued success and its ability to meet its growth targets will depend, in part, on its ability to attract, recruit and retain qualified and experienced technical and management personnel. There can be no assurance that TAQA will be able to retain or attract the relevant personnel that it has or will need to achieve its business objectives. In common with other energy companies in the regions in which it operates, TAQA is likely to face challenges in recruiting and retaining such personnel as a result of intense competition for personnel with relevant experience, which is in turn due to the relatively small number of available qualified individuals. The geographic location of certain of TAQA's operations may also make them less attractive to a large proportion of potential applicants. In addition, TAQA's UAE generation subsidiaries are subject to Emiratisation targets as discussed under "*Principal Information Regarding TAQA – Business – Emiratisation*" in Section 6.0 hereof. TAQA is in compliance with its targets for levels of Emirati employees and, in respect of its domestic subsidiaries, TAQA endeavours to comply in all material respects with targets for Emirati employees; however, competition for suitable, qualified Emirati employees is intense and recruiting sufficient numbers of Emirati employees to comply with applicable targets may be challenging for TAQA. An inability to recruit, train or retain necessary personnel could have a material adverse effect on TAQA's business, financial condition and results of operations.

Furthermore, TAQA depends to a large extent on its senior management team. TAQA does not currently have insurance against costs or losses that may be incurred in the event of the loss or dismissal of key personnel. The loss of the services of key members of TAQA's senior management or staff with institutional knowledge may cause significant delays in meeting its strategic objectives and could have a material adverse effect on its business, financial condition and results of operations.

(r) *TAQA may be subject to labour or other unplanned production disruption*

TAQA has a number of staff belonging to certain trade unions which have a record of occasional industrial action. Third party contractors who provide services to TAQA may also have staff belonging to these or other trade unions. The presence of trade unions may limit TAQA's flexibility in dealing with its staff and third party contractors. If there is a material disagreement between TAQA and its trade unions, TAQA's operations could suffer an interruption or shutdown which could have a material adverse effect on TAQA's business, results of operations and financial condition.

(s) *Litigation could adversely affect TAQA*

From time to time, TAQA is subject to litigation arising out of its operations. Damages claimed under such litigation may be material or may be indeterminate, and the outcome of such litigation may materially and adversely impact TAQA's business, results of operations and financial condition. While TAQA assesses the merits of each lawsuit and defends itself accordingly, it may be required to devote significant expenses or resources to defending itself against such litigation. In addition, the adverse publicity surrounding such claims may have a material adverse effect on TAQA's business, results of operations and financial condition.

(t) *TAQA faces increased foreign exchange risk exposure*

TAQA's revenues from its subsidiaries are currently receivable in UAE Dirham, U.S. Dollars, Euro, Canadian Dollars, Moroccan Dirham, Indian Rupees and Pounds Sterling. The impact of the businesses of these subsidiaries on TAQA's financial results will depend on the prevailing rates between the relevant currencies and TAQA will be exposed to the risk of adverse fluctuations in such exchange rates. While TAQA seeks to match the currency of its cash flows and liabilities where possible, if significant foreign exchange risk exposure materialises, it may have a material adverse effect on TAQA's business, results of operations and financial condition. In addition, to the extent that TAQA expands its international operations and derives its revenues in additional currencies, TAQA will become subject to increased risks relating to exchange rate fluctuations.

(u) *TAQA's business may be adversely affected if the UAE Dirham/U.S. Dollar peg were to be removed or adjusted*

TAQA maintains its accounts, and reports its results, in UAE Dirhams. As at the date of this Information Memorandum, the UAE Dirham remains pegged to the U.S. Dollar. However, there can be no assurance that the UAE Dirham will not be de-pegged or that the existing peg will not be adjusted in the future. Any such de-pegging or adjustment could have a material adverse effect on TAQA's business, results of operations and financial condition.

(v) *Potential conflicts of interest may arise between TAQA and its majority shareholder*

In addition to being the primary supplier of fuel to TAQA for its UAE generation operations and the sole off-taker for their power and water output, ADWEA is also the majority shareholder of TAQA and a minority shareholder in each of TAQA's UAE generation operations. Because of these differing roles, potential conflicts of interest may arise between TAQA and ADWEA resulting in the conclusion of transactions on terms not determined by market forces.

(w) *Changes in law may adversely affect TAQA*

TAQA's businesses are subject to regulation by governments and other authorities. Consequently, changes in law or regulation or regulatory policy and precedent in the countries in which TAQA operates, including changes in tax law, could materially adversely affect it. Decisions or rulings concerning, for example: (i) whether licences, approvals or agreements to operate or supply are granted or are renewed or whether there has been any breach of the terms of a licence, approval, or regulatory requirement; (ii) timely recovery of incurred expenditure or obligations, the ability to pass through commodity costs, a decoupling of energy usage and revenue and other decisions relating to the impact of general economic conditions on it, TAQA's markets and customers, implications of climate change, the level of permitted revenues and dividend distributions for its businesses and in relation to proposed business development activities; and (iii) structural changes in regulation, could have a material adverse impact on its results of operations, cash flows, the financial condition of its businesses and the ability to develop those businesses in the future.

In addition the laws and regulations in some of the countries in which TAQA operates change frequently and unexpectedly, potentially causing problems to entities conducting exploratory activity. This is a particular threat in countries where changes in law depend on the decisions of authoritarian governments (such as in some of the North African countries). Changes in regulatory law, including delays in amendments to legislation create risks stemming from uncertainty regarding ensuring compliance with those regulations, the potential restrictions on the scope of operations or the creation of greater costs, and may adversely impact the operations, financial condition and results of TAQA and/or the ability of TAQA to meet its obligations under the Sukuk Murabahah.

(x) *TAQA is subject to political and economic conditions in the regions in which it and its subsidiaries operate*

TAQA is incorporated in Abu Dhabi, is listed on the Abu Dhabi Securities Market and currently has the majority of its operations and interests in the UAE. While the UAE is seen as a relatively stable political environment, certain other jurisdictions in which TAQA and its subsidiaries operate are not. TAQA's business may be affected by the financial, political and general economic conditions prevailing from time to time in the regions in which TAQA and its subsidiaries operate. It is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that TAQA would be able to sustain its current profit levels if adverse political events or circumstances were to occur. TAQA's business may be affected if there are geo-political events that prevent TAQA's operations from delivering their services. In particular, since early 2011 there has been political unrest in a range of countries in the Middle East and North Africa ("MENA") region, including Egypt, Algeria, Libya, Bahrain, Saudi Arabia, Yemen, Syria, Tunisia and Oman. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict and has given rise to increased political uncertainty across the region. A general downturn or instability in certain sectors of the UAE or the regional economy or political upheaval therein, could have an adverse effect on TAQA's business, results of operations and financial condition. Investors should also note that TAQA's business and financial performance could be adversely affected by political, economic or related developments both within and outside the Middle East because of inter-relationships within the global financial markets.

Investors should also be aware that investments in emerging markets are subject to greater risks than those in more developed markets, including risks such as:

- political, social and economic instability;
- acts of warfare and civil clashes;
- governments' actions or interventions, including tariffs, protectionism, subsidies, expropriation of assets and cancellation of contractual rights;
- regulatory, taxation and other changes in law;
- difficulties and delays in obtaining new permits and consents for TAQA's operations or renewing existing ones;
- potential lack of reliability as to title to real property in certain jurisdictions where TAQA operates; and
- inability to repatriate profits and/or dividends.

Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

Although the UAE has enjoyed significant economic growth, there can be no assurance that such growth or stability will continue particularly in the light of the significant adverse financial and economic conditions experienced worldwide since early 2008. Since that time, there has been a slowdown or reversal of the high rates of growth that had been experienced by many countries within the Gulf Co-operation Council ("GCC") and the UAE, especially in Dubai and, to a lesser extent, Abu Dhabi. Moreover, while the UAE government's policies have generally resulted in improved economic performance, there can be no assurance that such level of performance can be sustained.

2.1.2 Risks Relating to TAQA's Oil and Gas Exploration, Production, Transmission and Storage Businesses

(a) *Revenues derived from TAQA's oil and gas assets and midstream assets may fluctuate based on market conditions*

TAQA's business, results of operations, financial condition and future growth depend in part on the prices it is able to realise for its oil and gas production. Historically, the markets for oil and gas products have been volatile and such markets are likely to continue to be volatile in the future. Prices for oil and gas are based on world supply and demand and are subject to large fluctuations in response to relatively minor changes to demand, whether the result of uncertainty or a variety of additional factors beyond the control of TAQA. These uncertainties and additional factors may include actions taken by the Organization of Oil Producing and Exporting Countries ("OPEC") and adherence to agreed production quotas, war, terrorism, government regulation, social and political conditions in oil and gas producing countries generally, economic conditions, prevailing weather patterns and meteorological phenomena such as storms and hurricanes and the availability of alternative sources of energy. It is impossible to accurately predict future oil and gas price movements.

Similarly, the revenues for services provided in connection with TAQA's midstream business are or in the future will be subject to market conditions, including as a result of the existing fixed price contract with respect to the PGI Alkmar facility expiring in 2017. The markets there for gas storage and similar services are not well developed and are based to some extent on other commodity prices, which have been and may continue to be volatile. As such, it is not possible to predict the actual prices at which TAQA or its joint venture partners may be able to sell services associated with the midstream assets.

Any sustained decline in oil and gas prices or the price for midstream services could have a material adverse effect on TAQA's revenues, operating income, cash flows and

borrowing capacity and may lead to a reduction in the carrying value of TAQA's assets, its planned level of spending for exploration and development and the level of its reserves. No assurance can be given that prices will be sustained at levels which will enable TAQA to operate its oil and gas or its midstream businesses profitably.

(b) *TAQA may fail to replace its current oil and gas reserves*

TAQA's future oil and gas production levels, and therefore its cash flows and profits, are highly dependent upon TAQA's ability to increase its reserves base by drilling new wells. Particularly with regard to its UK North Sea and Netherlands assets, the producing oil and gas reserves are in decline. While TAQA and its joint venture partners are involved in active exploration and development, those efforts may result in dry holes or otherwise not be successful, including the discovery of hydrocarbons that cannot be produced economically. In addition, given the capital intensive nature of exploration and development activities, to the extent TAQA's cash flow from operations and external sources of financing are insufficient to sustain its drilling programme, its reserve base may be depleted and its reserve life may decline. If TAQA is unsuccessful in expanding its reserve base through exploration and development and/or through acquisitions, its business, results of operations and financial condition may be materially adversely affected.

(c) *The oil reserve and oil and gas resource data in this Information Memorandum are only estimates, and TAQA's actual production, revenue and expenditure with respect to its reserves may be materially different from such estimates*

There are numerous uncertainties inherent in estimating quantities of proved, probable and possible reserves, including many factors beyond TAQA's control. The reserves information set out in this Information Memorandum represent estimates only. In general, estimates of economically recoverable oil and gas reserves are based on a number of factors and assumptions made as of the date on which the reserves estimates were determined, such as geological and engineering estimates (which have inherent uncertainties), historical production from the assets, the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results. All such estimates are, to some degree, uncertain and classifications of reserves are only attempts to define the degree of uncertainty involved. For these reasons, estimates of the economically recoverable oil and gas reserves attributable to any particular group of assets and the classification of such reserves based on risk recovery prepared by different engineers or by the same engineers at different times may vary substantially. In addition, due to the inherent risk in exploration and development activities, there can be no assurance that any of TAQA's estimated oil and gas reserves will be converted into commercial production, or that TAQA will meet its targeted production timelines. TAQA's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will likely vary from such estimates, and such variances could be material.

Estimates with respect to oil and gas reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves, rather than upon actual production history. Estimates based on these methods generally are less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history will result in variation, which may be material, in the estimated or actually recovered reserves.

The estimates for TAQA NORTH's proven and probable reserves at 31 December 2010 set out in this Information Memorandum were evaluated using SPE's Petroleum Resource Management Systems. In all other cases internal estimates have been used. Potential

investors should note that the definitions and guidelines prescribed by the U.S. Securities and Exchange Commission or any other regulatory body may provide for a more conservative approach to reserve estimates and therefore result in lower reserve values than the approach followed by TAQA. There can be no assurance that an assessment of the reserves using TAQA's current methodology would be consistent with an assessment using any other methodology.

TAQA engages independent experts to carry out a full assessment of its oil and gas reserves, which is audited every three years and reviewed annually. The reserves identified as a result of such reviews and audits may be higher or lower than the reserves estimates made in this Information Memorandum.

(d) *A decrease in oil or gas prices may require TAQA to recognise impairment charges in respect of certain of its oil or gas assets*

TAQA's management determines whether there are any indications of impairment to the carrying values of its property, plant and equipment at each reporting date based upon the difference of the recoverable amounts of cash-generating units and their carrying values. TAQA's management also determines recoverable amounts of cash-generating units based on the higher of value-in-use and fair value less costs to sell. For TAQA's oil and gas assets, these calculations require the use of estimates and assumptions, including assumptions regarding oil and gas prices, which may in turn impact the estimated life of a field. A substantial decline in oil or gas prices may also require TAQA to write down certain of its assets. While a write down would not directly affect cash flow, the charge to earnings could be viewed unfavourably in the market or could materially adversely affect TAQA's business, results of operations and financial condition.

(e) *The cost of materials and services relating to TAQA's oil and gas exploration and production activities could increase*

A number of TAQA's subsidiaries rely on oil and gas suppliers and contractors to provide materials and services in conducting their exploration and production businesses. Any substantial increase in the worldwide prices of commodities, such as steel, and competitive pressures on the oil field suppliers could result in a material increase of costs for the materials and services required by TAQA's subsidiaries to conduct their business. In addition, due to high global demand, the cost of oil and gas field services and goods has increased significantly in recent years compared to prior years and could continue to increase. Future increases could have an adverse effect on TAQA's operating income and cash flows and may require a reduction in the carrying value of TAQA's properties, its planned level of spending for exploration and development and the level of its reserves. No assurance can be given that prices for materials and services will be sustained at levels which will enable TAQA to operate profitably.

(f) *Oil and gas exploration and development activities are inherently risky and subject to change*

TAQA's oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are producing but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations and various field operating conditions may adversely affect the production from successful wells.

Further, some of TAQA's development and exploration projects are or may be located in deep water or frozen or other hostile environments, or involve or may involve production

from challenging reservoirs, which can exacerbate such problems. The climate and topography of some of the regions in which TAQA's fields are located may limit access to certain fields and facilities during certain times of the year. For example, in winter, extreme cold snowstorms could limit access to certain wells, and extreme cold could cause the temporary suspension of operations of wells with a high water cut. Such weather conditions could also limit TAQA's exploration operations.

Whether TAQA ultimately undertakes an exploration or development project depends upon a number of factors, including availability and cost of capital, current and projected oil and gas prices, receipt of government approvals, access to the property, the costs and availability of drilling rigs and other equipment, supplies and personnel necessary to conduct these operations, success or failure of activities in similar areas and changes in the estimates to complete the projects.

TAQA will continue to gather data about its new venture opportunities and other projects. Additional information could cause TAQA to alter its schedule or determine that a new venture opportunity or project should not be pursued, which could adversely affect TAQA's business, results of operations and financial condition.

- (g) ***TAQA's exploration and development activities depend on its ability to procure appropriate drilling and related equipment and personnel and TAQA may only have limited control over the nature and timing of exploration and development on certain of its properties***

Oil and gas exploration and development activities depend on the availability of drilling and related equipment and drilling personnel and specialists in the particular areas where such activities will be conducted. Demand for limited equipment such as drilling rigs or access restrictions may affect the availability of such equipment to TAQA and may delay its exploration and development activities. In the areas in which TAQA operates there is significant demand for drilling rigs and other equipment. Accordingly, failure by TAQA to secure the necessary equipment or personnel may have a material adverse effect on its business, results of operations and financial condition.

In addition, certain of TAQA's oil and gas properties are operated by third parties or may be subject to operating committees and, as a result, TAQA has limited control over the nature and timing of exploration and development of such properties or the manner in which operations are conducted on such properties.

- (h) ***TAQA may not be successful in achieving its midstream initiatives***

TAQA is currently in the process of converting the depleted Bergermeer gas reservoir into a seasonal gas storage facility. TAQA is also considering the future conversion of TAQA Energy's offshore gas fields for carbon sequestration storage. To the extent TAQA is unsuccessful in completing the Bergermeer gas storage project or certain of its other midstream initiatives, it may not realise the full value of the assets of TAQA Energy, which could have a material adverse effect on its business, results of operations and financial condition.

- (i) ***The oil and gas industry is highly competitive***

The oil and gas industry is highly competitive in all its phases. TAQA competes with numerous other participants in the search for, and the acquisition of, oil and gas assets and in the marketing of oil and gas. TAQA competes with oil and gas companies that possess greater technical, physical and/or financial resources. Many of these competitors not only explore for and produce oil and gas, but also carry on refining operations and market petroleum and other products on an international basis. In addition, oil and gas production blocks are typically auctioned by governmental authorities and TAQA faces intense competition in bidding for such production blocks, especially for those blocks with the most attractive oil and gas potential reserves. Such competition may result in TAQA failing to obtain desirable production blocks or may result in TAQA acquiring such blocks at a price which could result in the subsequent production not being economically viable. TAQA also competes with other companies to attract and retain experienced skilled management and industry professionals. If TAQA is unsuccessful in competing against other companies or if TAQA fails to acquire or discover and thereafter develop new oil and gas reserves on a cost-effective basis, its business, results of operations and financial condition could be materially adversely affected.

2.1.3 Risks Relating to TAQA's Power Generation and Water Desalination Businesses

(a) *The loss of significant long-term contracts could have a material adverse effect on TAQA's business, results of operations and financial condition*

TAQA's power generation and water desalination subsidiaries are largely dependent on the ability to on-sell the power generated and desalinated water produced at their respective facilities. The arrangements typically take the form of off-take and marketing agreements, power purchase agreements (commonly referred to as PPAs) or power and water purchase agreements which are long-term in nature (typically with a term of 20 to 30 years). TAQA currently has significant long-term arrangements in place with key off-takers of its power and desalinated water in each of the jurisdictions in which it operates, but there is no guarantee that these arrangements will continue, or that, at the end of the relevant term, further arrangements will be implemented.

Further, such off-take arrangements only retain their value to the extent that the requisite power capacity can be made available or desalinated water produced. If, for any reason, TAQA's operations are not able to make available the requisite electricity generation capacity or produce the requisite amount of desalinated water, they could be in breach of their obligations under the agreements which could result in litigation proceedings being brought against TAQA or its relevant subsidiaries. Similarly, such agreements only retain their value to the extent that the off-taker is able to retain its creditworthiness. If the off-taker's creditworthiness materially deteriorates, the off-taker may no longer be able to fulfil its obligations under the arrangement, such as pay TAQA's operating companies for the power capacity it has made available or desalinated water it has supplied.

TAQA's power generation and water desalination facilities are subject to changes in their operating cost structure. Although TAQA and its subsidiaries generally enter into long-term fuel supply contracts pursuant to which its customers assume responsibility for purchasing and supplying fuel to its facilities, TAQA and its subsidiaries may in the future experience increases in costs relating to gas, coal, oil and other fuel to the extent these are not covered by fuel supply contracts. In addition, operations, maintenance and repair costs and costs relating to environmental compliance, such as the cost of purchasing emissions offsets and capital expenditure incurred in installing environmental emission equipment may increase in the future.

If TAQA or its relevant subsidiaries were unable to meet their obligations under the off-take and marketing agreements or power and water purchase agreements, or if these

agreements were terminated for any reason, without suitable replacement arrangements being put in place, or if there were any adverse changes in the cost structure of TAQA's power generation and water desalination facilities, TAQA's business, results of operations and financial condition could be adversely affected.

(b) *TAQA's subsidiaries' power generation facilities may experience equipment failures or may otherwise not operate as planned*

The operation of industrial facilities such as power generation and water desalination plants means that TAQA's business is exposed to material operating risks. These can include, among other things, unplanned outages leading to a loss of revenue and profit, facilities operating inefficiently or below their designed capacity, unexpectedly high operating and maintenance costs, equipment failures and unforeseen third-party liabilities. TAQA has, in the past, experienced certain unplanned outages at its generation facilities due to equipment failures which negatively impacted the subsidiaries' net income through lost revenue, penalty payments for capacity unavailability and increased costs. In addition, any planned outages that are a part of routine maintenance operations may last longer or cost more than anticipated, adversely affecting TAQA's revenues and costs from its power generation and water desalination activities. In addition, TAQA's power generation and water desalination facilities may require unexpected maintenance outside of the scope of the scheduled maintenance programme. Although many of these risks may be mitigated to some extent through contractual and insurance-based protections, there can be no assurance that this will always be the case or that the required amounts of physical damage and business interruption insurance will always be available. If the performance of any plant is below its expected levels of output or efficiency for these or any other reason, this could materially and adversely affect the return on TAQA's investment in that plant and thereby significantly adversely affect TAQA's business, results of operations and financial condition.

(c) *Reliance on back-up fuel over extended periods of time may have a material adverse effect on power and water plant operations*

The primary energy source for each of TAQA's UAE generation subsidiaries' plants is natural gas. From time to time, however, gas suppliers face competing priorities and may be unable to make natural gas available. In such instances, the UAE generation subsidiaries must rely on back-up fuel oil to operate their plants. During extended periods of operation on back-up fuel oil, the UAE generation subsidiaries are dependent on the delivery of additional supplies of fuel oil to the plants. With, in most cases, only a 7-day storage capacity at the plants, the logistics of supplying back-up fuel are such that, over an extended period of operation on back-up fuel, it may not be possible to supply the quantities of back-up fuel needed to continue to operate all of the plants at full capacity. Additionally, operation of the plants on back-up fuel oil over an extended period of time may result in increased maintenance costs and may reduce the expected useful life of the plants.

2.1.4 Risks Relating to the UAE and the Middle East

(a) *Because of the influence the government of Abu Dhabi has exercised, and can be expected to continue to exercise, over TAQA's operations, unexpected changes in governmental policy may materially affect its results of operations and financial condition*

The government of Abu Dhabi has exercised, and can be expected to continue to exercise, a strong influence over TAQA's operations. ADWEA, a governmental agency, is TAQA's founding shareholder and owns 51.05 per cent of its equity. Because of its

shareholding, ADWEA is in a position to approve the election of all the members of the Board of Directors. Any unexpected changes in the government's policy on water production or power generation as it applies to TAQA's UAE generation subsidiaries could have a material adverse effect on TAQA's results of operations and financial condition.

(b) *Enforcement of foreign judgments and documents governed by foreign law in Abu Dhabi is uncertain*

Under current Abu Dhabi law, Abu Dhabi's courts are unlikely to enforce a Malaysian judgment without re-examining the merits of the claim and may not observe the parties' choice of Malaysian law as the governing law of the transaction. In the UAE, foreign law is required to be established as a question of fact and the interpretation of Malaysian law, by a court in the UAE, may not accord with the perception of a Malaysian court. A court in the UAE will not, however, honour any provision of foreign law which is contrary to public policy, order or morals in the UAE, or to any mandatory law of, or applicable in, the UAE.

The UAE is a civil law jurisdiction and judicial precedents in Abu Dhabi have no binding effect on subsequent decisions. In addition, there is no formal system of reporting court decisions in Abu Dhabi. These factors create greater judicial uncertainty than would be expected in other jurisdictions.

Ultimately the payments under the Sukuk Murabahah are dependent upon TAQA making payments in the manner contemplated under the Transaction Documents. If TAQA fails to do so it may be necessary to bring an action against TAQA to enforce its obligations which could be both time consuming and costly.

Furthermore, to the extent that the enforcement of remedies must be pursued in Abu Dhabi, it should be borne in mind that there is limited scope for self help remedies under Abu Dhabi law and that generally enforcement of remedies in Abu Dhabi must be pursued through the courts.

(c) *Non-recognition of trusts*

Abu Dhabi law does not recognise the concept of a trust as this would commonly be interpreted in common law jurisdictions, although the concept of agency in the context of one person being authorised to act for a principal is well established. A UAE Court may therefore not enforce any trust arrangements set out in any Transaction Document in accordance with its terms and may, at its discretion, apply Abu Dhabi law contractual principles to the relevant provisions of any Transaction Document or any Global Certificate or Definitive Certificate.

2.2 Factors which are material for the purpose of assessing the market risks associated with Sukuk Murabahah issued under the Sukuk Murabahah Programme

2.2.1 The Sukuk Murabahah may not be a suitable investment for all investors

Each potential investor in any Sukuk Murabahah must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Sukuk Murabahah, the merits and risks of investing in the relevant Sukuk Murabahah and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Sukuk Murabahah and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Sukuk Murabahah, including where the currency for the nominal value of the Sukuk Murabahah or profit payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Sukuk Murabahah and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, profit rate and other factors that may affect its investment and its ability to bear the applicable risks.

2.2.2 Risks Relating to the Sukuk Murabahah

(a) *TAQA's ability to meet its obligations under the Sukuk Murabahah*

The Sukuk Murabahah represent the direct, unconditional and unsecured obligations of TAQA. The payments to be made by TAQA under the Transaction Documents will not be the obligations or responsibilities of any other person other than TAQA and shall not be the obligations or responsibilities of any other person involved in the offering or issuance of the Sukuk Murabahah. None of such persons will accept any liability whatsoever to the Sukukholders in respect of any failure by the Issuer to pay any amount due under the Transaction Documents and the Sukuk Murabahah.

(b) *There is no active trading market for the Sukuk Murabahah*

A particular Series issued under the Sukuk Murabahah Programme will be new securities which may not be widely distributed and for which there is currently no active trading market. If such Series are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing profit rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Series.

(c) *There can be no assurance that a secondary market for the Sukuk Murabahah will develop*

There is no assurance that a market for a particular Series will develop or, if it does develop, that it will provide the Sukukholders with liquidity of investment or that it will continue for the life of such Series. Accordingly, a Sukukholder may not be able to find a buyer to buy its Sukuk Murabahah readily or at prices that will enable the Sukukholder to realise a desired yield. The market value of such Sukuk Murabahah may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of such Sukuk Murabahah. Accordingly, the purchase of a particular Series is suitable only for investors who can bear the risks associated with a lack of liquidity in such Sukuk Murabahah and the financial and other risks associated with an investment in such Sukuk Murabahah. An investor in a particular Series must be prepared to hold such Sukuk Murabahah for an indefinite period of time or until their maturity.

(d) *Modification, waivers and substitution*

The conditions of a particular Series contain provisions for calling meetings of the Sukukholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all the Sukukholders, including the Sukukholders who

did not attend and vote at the relevant meeting and the Sukukholders who voted in a manner contrary to the majority.

The conditions of the Sukuk Murabahah also provide that the Trustee may, without the consent of the Sukukholders, agree to certain modifications to the Trust Deed (see “*Description of the Sukuk Murabahah – Terms and Conditions*” in Section 4.0 hereof).

(e) *Change of Law*

The conditions of the Sukuk Murabahah are based on Malaysian law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to Malaysian law or administrative practice after the date of this Information Memorandum.

(f) *Disclosure regarding forward-looking statements*

This Information Memorandum contains forward-looking statements, that is, those other than statements of historical facts. Although TAQA believes that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such expectations will prove to have been correct. Any difference in the expectations of TAQA from its actual performance may result in financial and business performance and plans that are materially different from those anticipated.

(g) *There is no assurance that the Sukuk Murabahah will be Shariah compliant*

The Shariah Adviser has confirmed that the Sukuk Murabahah are Shariah compliant. However, the interpretation and application of Islamic Shariah is a matter of opinion and debate, and may be subject to differing interpretations by Shariah scholars, Shariah supervisory and advisory boards and the courts (or any arbitral tribunal). Therefore, there can be no assurance that the transaction structure or issue and trading of the Sukuk Murabahah will be deemed to be Shariah compliant by any other Shariah board or Shariah scholars. None of the Issuer, the Lead Arranger, the Lead Manager or the Trustee makes any representation as to the Shariah compliance of the Sukuk Murabahah and potential investors are reminded that, as with any Shariah views, differences in opinion are possible. Potential investors should obtain their own independent Shariah advice as to the compliance of the structure and the issue and trading of the Sukuk Murabahah with Shariah principles, if required.

(h) *Rating of the Sukuk Murabahah Programme*

The Sukuk Murabahah Programme has been accorded a final rating of AA1 by RAM and a provisional rating of A3 by Moody's. A rating is not recommendation to purchase, hold or sell the Sukuk Murabahah. There is no assurance that the ratings will remain in effect for any given period of time or that the ratings will not be lowered or withdrawn entirely if circumstances in the future so warrant.

In the event that the ratings initially assigned the Sukuk Murabahah Programme are subsequently downgraded for any reason, no person or entity will be obligated to provide any additional credit enhancement with respect to the Sukuk Murabahah Programme. Any downgrade of a rating will not constitute an event of default or an event obliging TAQA to prepay the Sukuk Murabahah.

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3.0 Description of the Sukuk Murabahah Programme

The following description does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of this Information Memorandum and in relation to any particular Series, the applicable Final Terms.

Save as otherwise defined herein, capitalised terms in this section shall have the same meaning as those defined in the Glossary.

(a)	Names of parties involved in the proposed transaction (where applicable)		
(i)	Principal Adviser	:	Standard Chartered Saadiq Berhad (Company No. 823437-K) (“SCSB”).
(ii)	Lead Arranger	:	SCSB.
(iii)	Co-arranger	:	Not applicable.
(iv)	Solicitors	:	<ul style="list-style-type: none"> Messrs. Zul Rafique & partners (Lead Arranger’s Malaysian Counsel) Allen & Overy (Lead Arranger’s United Arab Emirates Counsel) Messrs. Zaid Ibrahim & Co (Issuer’s Malaysian Counsel) Linklaters (Issuer’s United Arab Emirates Counsel)
(v)	Financial Adviser	:	Not applicable.
(vi)	Technical Adviser	:	Not applicable.
(vii)	Trustee	:	Deutsche Trustees Malaysia Berhad (Company No. 763590-H)
(viii)	Guarantor	:	Not applicable.
(ix)	Valuer	:	Not applicable.
(x)	Facility Agent	:	SCSB.
(xi)	Primary Subscriber (under a bought deal arrangement) and amount subscribed	:	To be determined prior to the issuance.
(xii)	Underwriter and amount underwritten	:	Not applicable.
(xiii)	Shariah Adviser	:	SCSB.
(xiv)	Central Depository	:	Bank Negara Malaysia (“BNM”).

(xv)	Paying Agent	:	BNM.
(xvi)	Reporting Accountant	:	Not applicable.
(xvii)	Calculation Agent	:	Not applicable.
(xviii)	Others (please specify)	:	<ul style="list-style-type: none"> • Issue Agent: SCSB. • Lead Manager: SCSB. In the event there are other financial institution(s) identified later, if any, SCSB and these other financial institution(s) will be collectively referred to as the “Joint Lead Managers”. • Independent Auditors: Ernst & Young
(b)	Facility Description (including the description of Islamic principle)	:	<p>The sukuk issued pursuant to the sukuk programme of up to RM3.5 billion in nominal value (“Sukuk Murabahah Programme”) shall be based on the Shariah principle of Murabahah involving selected Shariah compliant commodities.</p> <p>The sukuk issued under the Sukuk Murabahah Programme shall be known as “Sukuk Murabahah”.</p> <p>Sukuk Murabahah</p> <p>The issuance for the Sukuk Murabahah from time to time under the Sukuk Murabahah Programme shall be effected as follows:</p> <ol style="list-style-type: none"> 1) The potential holders or investors of the Sukuk Murabahah (“Sukukholders”) and TAQA shall enter into a Service Agency Agreement, pursuant to which TAQA (in such capacity, the “Primary Purchasing Agent”) is appointed as the agent of the Sukukholders for the purchase and sale of Shariah compliant commodities (“Commodities”). The Primary Purchasing Agent will then enter into a Facility Agency Agreement to appoint the Facility Agent as the sub-agent (in such capacity the “Secondary Purchasing Agent”) for the purchase and sale of Commodities under the Sukuk Murabahah Programme. 2) Pursuant to a Commodity Murabahah Master Agreement, prior to the date on which the relevant series of Sukuk Murabahah is issued, TAQA (acting as purchaser for itself) issues a purchase order (the “Purchase Order”) in relation to the said series to the Primary Purchasing Agent and the Secondary Purchasing Agent. In the Purchase Order, TAQA (acting as purchaser for itself) will request the Primary Purchasing Agent and the Secondary Purchasing Agent to purchase the Commodities and will irrevocably undertake to purchase the Commodities from the Sukukholders via the Secondary Purchasing Agent.

			<p>3) Based on the Purchase Order, the Secondary Purchasing Agent (pursuant to the CTP Purchase Agreement entered into between the Secondary Purchasing Agent and the Commodity Trading Participant (“CTP”)), will purchase on a spot basis the Commodities from commodity vendor(s) in the Bursa Suq Al-Sila’ commodity market (through a CTP) at a purchase price (“Purchase Price”) which shall be an amount equivalent to the Sukuk Murabahah proceeds. The Purchase Price will abide to the Asset Pricing requirements under the Sukuk Guidelines.</p> <p>4) TAQA (acting as the Issuer) shall then issue Sukuk Murabahah to the Sukukholders to fund the Purchase Price of the Commodities. The Sukuk Murabahah shall evidence amongst others, the Sukukholders’ ownership of the Commodities and subsequently once the Commodities are sold to TAQA (as the Purchaser for itself) the entitlement to receive the Deferred Sale Price (equivalent to the Purchase Price and a mark-up profit).</p> <p>5) Thereafter, pursuant to the sale and purchase agreement, the Secondary Purchasing Agent (acting on behalf of the Primary Purchasing Agent) shall sell the Commodities to TAQA (acting as Purchaser for itself) at the Deferred Sale Price (“Sale and Purchase Agreement”).</p> <p>6) Upon completion of such purchase, TAQA (pursuant to the CTP Sale Agreement entered into between TAQA (acting as Purchaser for itself) and the CTP) shall sell the Commodities to Bursa Malaysia Islamic Services Sdn. Bhd. (through the CTP) on a spot basis for an amount equal to the Purchase Price. The CTP Sale Agreement will provide for the CTP to directly sell the Commodities into Bursa Malaysia Islamic Services Sdn. Bhd. upon notice by the Secondary Purchasing Agent that the Sale and Purchase Agreement has been completed and executed.</p> <p>7) During the tenure of the Sukuk Murabahah, the Issuer shall make periodic payments to the Sukukholders. On the date of maturity of the Sukuk Murabahah, the Issuer shall pay all amounts outstanding in respect of the Deferred Sale Price to the Sukukholders upon which the Sukuk Murabahah shall be cancelled.</p> <p>The transaction structure is set out in the Appendix.</p>
(c)	Issue/ Programme Size	:	The aggregate outstanding nominal value of the Sukuk Murabahah issued under the Sukuk Murabahah Programme at any point in time shall not exceed RM3.5 billion.
(d)	Tenure of issue / Sukuk Murabahah Programme	:	<p><u>Sukuk Murabahah Programme</u></p> <p>Up to twenty (20) years from the date of first issue under the Sukuk Murabahah Programme provided that the first issue of the Sukuk Murabahah under the Sukuk Murabahah Programme shall</p>

			<p>not be later than two (2) years from the date of the SC's approval.</p> <p><u>Tenure of Sukuk Murabahah</u> More than one (1) year provided that the Sukuk Murabahah mature prior to the expiry of the tenure of the Sukuk Murabahah Programme.</p>
(e)	Availability period of Sukuk Murabahah Programme	:	The period in which the Issuer may issue Sukuk Murabahah under the Sukuk Murabahah Programme which is the period from the fulfilment of the Conditions Precedent (as stated in item (q) below) and ending on the date falling nineteen (19) years from the date of the first issuance under the Sukuk Murabahah Programme.
(f)	Profit/ coupon/ rental rate	:	The profit rate shall be determined prior to each issuance of the Sukuk Murabahah under the Sukuk Murabahah Programme.
(g)	Profit/ coupon/ rental payment frequency	:	<p><u>Profit Payment Frequency</u> The payment frequency shall be semi-annually / quarterly or such other period as the Issuer and the Lead Arranger may mutually agree prior to each issuance.</p>
(h)	Profit/ coupon/ rental payment basis	:	<p><u>Profit Payment Basis</u> Actual/365 day count basis.</p>
(i)	Security/Collateral (if any)	:	None.
(j)	Details on utilisation of proceeds by Issuer. If proceeds are to be utilised for project or capital expenditure, description of the project or capital expenditure, where applicable	:	Proceeds from the Sukuk Murabahah Programme shall be utilised for the Issuer's general corporate purposes Provided always that any such utilisation mentioned above shall be in compliance with the Shariah principles.
(k)	Sinking Fund and designated accounts (if any)	:	Not applicable.
(l)	Rating	:	<p>Credit Rating Assigned (provisional): A3 Name of Rating Agency: Moody's Investors Service Limited.</p>
(m)	Mode of Issue	:	The Sukuk Murabahah shall be issued via book building, private placement and/or bought deal basis on a best effort basis without prospectus.

(n)	Selling Restriction, including tradability (i.e. tradable or non-tradable)	:	<p><u>Selling restrictions at issuance</u> The Sukuk Murabahah shall not be offered, sold, transferred or otherwise disposed of directly or indirectly other than to a person to whom an offer or invitation to subscribe the Sukuk Murabahah and to whom the Sukuk Murabahah are issued would fall within Schedule 6 or Section 229(1)(b) of the Capital Markets and Services Act, 2007 (“CMSA”), Schedule 7 or Section 230(1)(b) of the CMSA and Schedule 9 or Section 257(3) of the CMSA; and</p> <p><u>Selling restrictions thereafter</u> The Sukuk Murabahah shall not be offered, sold, transferred or otherwise disposed of directly or indirectly other than to a person to whom an offer or invitation to purchase the Sukuk Murabahah would fall within Schedule 6 or Section 229(1)(b) of the CMSA and Schedule 9 or Section 257(3) of the CMSA.</p> <p>The Sukuk Murabahah are tradable subject to the selling restrictions as stated above.</p>
(o)	Listing Status and types of listing	:	The Sukuk Murabahah will not be listed on any stock exchange.
(p)	Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify)	:	<p>The Issuer has obtained the approval from the Exchange Control Department, BNM on 1 June 2011, for the following:</p> <ul style="list-style-type: none"> • The Sukuk Murabahah Programme; and • The swap arrangements by TAQA.
(q)	Conditions Precedent	:	<p>Conditions precedent customary for a transaction of this nature and as advised by the Lead Arranger’s solicitors including, but not limited to, the following:</p> <ul style="list-style-type: none"> (i) Prior approval of the Securities Commission and/or any other authorities having jurisdiction over matters pertaining to the Sukuk Murabahah Programme; (ii) Certified true copies of the corporate resolutions of TAQA authorizing the Sukuk Murabahah Programme and issuance of the Sukuk Murabahah and the execution of all relevant Transaction Documents (as defined in item (v)(iv)) thereto; (iii) Satisfactory completion of all Transaction Documents in form and substance acceptable to the Facility Agent and TAQA, duly executed and stamped or endorsed as exempted from stamp duty (if applicable); (iv) Satisfactory legal opinion from the Lead Arranger’s solicitors (including from the Lead Arranger’s United Arab Emirates solicitors) as to the legality, validity and enforceability of the Transaction Documents and all other

			<p>legal documentation;</p> <p>(v) Satisfactory financial and legal due diligence as required under the CMSA;</p> <p>(vi) Written confirmation from the Lead Arranger’s solicitors confirming that the conditions precedent to the issuance have been complied with;</p> <p>(vii) Evidence that the rating of the Sukuk Murabahah is not below the rating stated in “Ratings” clause in item (1);</p> <p>(viii) Evidence of the confirmation from the Shariah Adviser that the Shariah principles, terms and conditions, documentation and structure of the Sukuk Murabahah Programme comply with the relevant Shariah guidelines formulated by the SC to regulate the issuance of Islamic securities or sukuk; and</p> <p>(ix) Such other conditions precedent as may be advised by the Lead Arranger’s solicitors in consultation with the Issuer.</p>
(r)	Representations and Warranties	:	<p>Representations and warranties typical for a transaction of this nature, including but not limited to:</p> <p>(i) The Issuer and each Material Subsidiary (as defined in item (t) are duly incorporated and validly existing under the laws of their respective jurisdiction and incorporation;</p> <p>(ii) The Issuer and each Material Subsidiary have full power and authority to conduct their respective businesses and each of them is lawfully qualified to do business in those jurisdictions in which business is conducted by it;</p> <p>(iii) All actions or things required to be taken, fulfilled or done for the issue of Sukuk Murabahah under the Sukuk Murabahah Programme and the carrying out of the other transactions contemplated by the Transaction Documents (as defined in item (v)(iv)) have been taken, fulfilled or done;</p> <p>(iv) Non-violation of laws by the Issuer’s entry and performance of Transaction Documents which would have a material and adverse effect;</p> <p>(v) Binding obligation of Transaction Documents against Issuer subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity;</p> <p>(vi) Issuer’s audited financial statements have been prepared in accordance with approved accounting standards in United Arab Emirates and in accordance with all procedures required by its constitutional documents and the laws of United Arab Emirates and audited and certified by qualified auditors;</p>

			<p>(vii) No litigation or arbitration is current or, to the Issuer's knowledge, is threatened, which could have a material adverse effect, save as disclosed to the Lead Arranger prior to the execution of the Transaction Documents; and</p> <p>(viii) Such other representations and warranties as advised by the Lead Arranger's solicitors in consultation with the Issuer.</p>
(s)	Events of Default (or enforcement event, where applicable)	:	<p>(i) <u>Non-Payment</u>: The Issuer fails to pay any amount due under the Transaction Documents in respect of any of the Sukuk Murabahah when due and such non-payment is not remedied within a period of seven (7) business days from the relevant due date;</p> <p>(ii) <u>Breach of Other Obligations</u>: The Issuer does not perform or comply with any one or more of its other obligations (including the representations and warranties) in the Sukuk Murabahah or the Trust Deed which default is incapable of remedy or, if in the written opinion of the Trustee capable of remedy, is not in the written opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee; or</p> <p>(iii) <u>Cross-Acceleration</u>: (i) any other Borrowed Money Indebtedness of the Issuer or any Material Subsidiary (as defined in item (t)) becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such Borrowed Money Indebtedness is not paid when due or, as the case may be, within any applicable grace period provided that the aggregate amount of the relevant Borrowed Money Indebtedness in respect of which one or more of the events mentioned above in this item (s)(iii) have occurred equals or exceeds U.S.\$50,000,000 or its equivalent in another currency (as reasonably determined by the Trustee); or</p> <p>(iv) <u>Enforcement Proceedings</u>: A distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or, in the opinion of the Trustee, any material part of the property, assets or revenues of the Issuer or any Material Subsidiary and is not discharged or stayed within 90 days; or</p> <p>(v) <u>Security Enforced</u>: Any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Material Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person, but excluding the issue of any notification to the Issuer or the relevant Material Subsidiary that such mortgage, charge, pledge, lien or other encumbrance has become enforceable); or</p> <p>(vi) <u>Insolvency</u>: The Issuer or any Material Subsidiary is (or is,</p>

			<p>or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or, in the opinion of the Trustee, a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of the debts of the Issuer or any Material Subsidiary; or</p> <p>(vii) <u>Winding-up</u>: An order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any Material Subsidiary, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except, in any case, for the purpose of and followed by a transfer, reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms previously approved in writing by the Trustee or by an Extraordinary Resolution (as defined below) of the Sukukholders, or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the relevant Material Subsidiary are transferred to or otherwise vested in the Issuer or another subsidiary; or</p> <p>(viii) <u>Illegality</u>: It is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Sukuk Murabahah or the Trust Deed; or</p> <p>(ix) <u>Analogous Events</u>: Any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing items,</p> <p>provided that (save in the case of items (s)(i) and (s)(iii) and (in so far as they relate to the Issuer) items (s)(vi) and (s)(vii)) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Sukukholders.</p> <p>“Borrowed Money Indebtedness” means, in relation to any person, any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent, comprising or constituted by:</p> <p>(i) any liability to repay the principal of or to pay interest on borrowed money or deposits; or</p> <p>(ii) any liability under or pursuant to any:</p> <p>(a) letter of credit; or</p> <p>(b) acceptance credit facility; or</p> <p>(c) note purchase facility; or</p> <p>(d) foreign currency transaction; or</p> <p>(iii) any liability in respect of any purchase price for property or</p>
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			<p>services, payment for which is deferred for a period in excess of 180 days after the later of taking possession or becoming the legal owner thereof; or</p> <p>(iv) any liability under or pursuant to any guarantee or indemnity in respect of any of the obligations referred to in items (ii) or (iii) above.</p> <p>“Extraordinary Resolution” means a resolution passed at a meeting of the Sukukholders duly convened and held in accordance with the provisions contained herein and carried by a majority consisting of not less than seventy five (75%) of the votes cast.</p> <p>A resolution in writing signed by or on behalf of the Sukukholders holding or representing not less than seventy five per cent (75%) of the nominal value of the outstanding Sukuk Murabahah who for the time being are entitled to receive notice of a meeting shall for all purposes be as valid and effectual as an Extraordinary Resolution passed at a meeting of Sukukholders. Such resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Sukukholders.</p> <p>Upon the occurrence of an Event of Default under the Sukuk Murabahah Programme, the Trustee shall upon receipt of the relevant instructions from the Sukukholders, by an Extraordinary Resolution and subject to being indemnified to its satisfaction, declare that the outstanding Sukuk Murabahah are immediately due and payable, and exercise all rights of enforcement in accordance with the provisions of the Transaction Documents.</p>
(t)	Covenants	:	<p>The covenants which shall include (but not limited to) the following:</p> <p>So long as any Sukuk Murabahah remains Outstanding (as defined below) the Issuer will:</p> <p><u>Negative Pledge:</u> not and will ensure that none of its Material Subsidiaries (as defined below) will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest (each a “Security Interest”) other than a Permitted Security Interest (as defined below), upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Sukuk Murabahah the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Sukukholders or (ii) shall be approved by an Extraordinary Resolution (as defined in item (s) above).</p> <p>“Outstanding” means in relation to the Sukuk Murabahah, all the</p>

		<p>Sukuk Murabahah issued except:</p> <ul style="list-style-type: none"> (i) those that have been redeemed in accordance with the relevant terms and conditions of the Sukuk Murabahah; (ii) those in respect of which the date for redemption has occurred and the nominal value for which have been duly paid to the Paying Agent and remain available for payment against presentation and surrender of the global certificates or the definitive certificates; (iii) those that have become void or in respect of which claims have become prescribed; (iv) those that have been purchased and cancelled or in respect of which the Issuer shall have been discharged in accordance with the terms and conditions of the Sukuk Murabahah; and (v) those mutilated or defaced Sukuk Murabahah that have been surrendered in exchange for replacement Sukuk Murabahah and (for the purpose only of determining how many Sukuk Murabahah are Outstanding and without prejudice to their status for any other purpose) those Sukuk Murabahah alleged to have been lost, stolen or destroyed and in respect of which replacement Sukuk Murabahah have been issued. <p>“Excluded Subsidiary” means any Subsidiary (as defined below):</p> <ul style="list-style-type: none"> (i) which is a single purpose company whose principal assets and business are constituted by the ownership, construction, acquisition, development and/or operation of an asset or group of related assets; (ii) whose indebtedness for borrowed money in respect of the financing of such ownership, construction, acquisition, development and/or operation of an asset or group of related assets is subject to no recourse (other than any Permitted Recourse (as defined below)) to any member of the Group (as defined below) (other than such Subsidiary or another Excluded Subsidiary) in respect of the repayment thereof; and (iii) which has been designated as such by the Issuer by written notice to the Trustee, and <p>provided that the Issuer may give written notice to the Trustee at any time that any Excluded Subsidiary is no longer an Excluded Subsidiary, whereupon it shall cease to be an Excluded Subsidiary;</p> <p>“Group” means the Issuer and all the Subsidiaries;</p> <p>“Material Subsidiary” means, at any time, any Subsidiary (other than an Excluded Subsidiary (as defined above)):</p> <ul style="list-style-type: none"> (i) whose total assets exceed 10 per cent of the consolidated total assets of the Issuer; or (ii) whose net profit before taxation exceeds 10 per cent of the consolidated net profit before taxation of the Issuer.
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		<p>“Permitted Recourse” means recourse for any indebtedness that may be incurred in connection with the financing of the ownership, construction, acquisition, development, construction and/ or operation of an asset or group of related assets by any member of the Group, so long as the terms of such recourse are restricted such that:</p> <ul style="list-style-type: none"> (i) it shall be released following completion of the development or construction of such asset or group of related assets to the satisfaction of the holders of such indebtedness; or (ii) it is limited to: <ul style="list-style-type: none"> (aa) an agreed cash amount, and may only be enforced in the event that the development or construction of such asset or group of related assets cannot be completed or is subject to cost overruns or delays; or (bb) the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such asset or group of related assets; or (cc) shares, securities or other instruments representing ownership in, or indebtedness of, an Excluded Subsidiary; or (dd) an agreement by the relevant member of the Group not to dispose of any or all of such shares, securities or other instruments; or (ee) an agreement by the relevant member of the Group to subordinate its rights in respect of such shares, securities or other instruments for the benefit of the holders of indebtedness incurred by an Excluded Subsidiary; or (ff) recourse for any indebtedness that may be incurred under a direct agreement entered into by the relevant member of the Group in connection with the project financing of such asset or group of related assets by an Excluded Subsidiary; or (gg) recourse in respect of any policy of insurance (or similar instrument, but for the avoidance of doubt not including any financial guarantee) which may be granted by a member of the Group which is not an Excluded Subsidiary for the benefit of an Excluded Subsidiary. <p>“Permitted Security Interest” means a Security Interest:</p> <ul style="list-style-type: none"> (j) securing indebtedness outstanding as of the Issue Date; (ii) securing indebtedness acquired on acquisition of any
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		<p>Material Subsidiary, or on the acquisition of any property or assets, if, in either case, such Security Interest was not created in contemplation of the acquisition;</p> <p>(iii) securing any indebtedness incurred in respect of the refinancing of any of the above, so long as such indebtedness is for an amount not materially greater than the principal (and any capitalised interest and fees) of such indebtedness and does not extend to property or assets having, in aggregate, a greater value than those to which the Security Interest being replaced relates;</p> <p>“Project Finance Indebtedness” means any present or future indebtedness for borrowed money incurred to finance the ownership, construction, acquisition, development and/or operation of an asset or group of related assets of a member of the Group:</p> <p>(i) which is incurred by an Excluded Subsidiary; or</p> <p>(ii) in respect of which the person or persons to whom any such indebtedness is or may be owed by the relevant borrower (whether or not a member of the Group) has no recourse (other than any Permitted Recourse) to any member of the Group (other than an Excluded Subsidiary) for the repayment thereof;</p> <p>“Relevant Indebtedness” means any indebtedness (other than Project Finance Indebtedness (as defined above)) which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities (otherwise than to constitute or represent advances made by banks and/or other lending financial institutions) which (i) for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market and (ii) are denominated or confer a right to payment of principal and/or interest in a currency other than the currency of the jurisdiction of incorporation of the Issuer; and</p> <p>“Subsidiary” means, at any time, any entity whose financial statements at such time are required by law or in accordance with applicable generally accepted accounting principles at such time to be fully consolidated with those of the Issuer.</p> <p>There will be other positive and negative covenants as agreed between the Issuer and the Lead Arranger.</p>
(u)	Provisions on buy-back and early redemption of sukuk	<p><u>Buy-back</u></p> <p>The Issuer or its related corporations may, at any time, purchase the Sukuk Murabahah in the open market or otherwise at any price. Such Sukuk Murabahah will not entitle the Issuer or its related corporations to vote at any meetings of the Sukukholders and will not be deemed to be outstanding for the purpose of determining the total votes exercisable by the Sukukholders whenever such determination is required under the Transaction Documents.</p>

			<p>Mandatory Redemption Event</p> <p>In relation to a series of Sukuk Murabahah in respect of which the relevant terms specifies that the Mandatory Redemption Event is applicable, each Sukukholder in such Series will have the right to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) all or any part of such Sukukholder's Sukuk Murabahah at the Redemption Amount on the Mandatory Redemption Date (as defined in the Trust Deed) if the Mandatory Redemption Event occurs.</p> <p>Mandatory Redemption Event means the Emirate of Abu Dhabi, including, without limitation, any agency of its government or any entity controlled by it, at any time ceases to own and control (directly or indirectly) more than 50 per cent of the economic and voting rights in respect of the Issuer.</p> <p>Any Sukuk Murabahah so purchased or redeemed by the Issuer or its subsidiaries shall be cancelled. Any Sukuk Murabahah so cancelled shall not be reissued or resold and the obligations of the Issuer in respect of any such Sukuk Murabahah shall be discharged.</p>
(v)	Other Principal Terms and Conditions for the Issue		
(i)	Status	:	<p>The Sukuk Murabahah constitutes (subject to the Negative Pledge clause) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under the Sukuk Murabahah shall, save for such exceptions as may be provided by applicable legislation and subject to the Negative Pledge clause, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.</p>
(ii)	Compensation for Late & Default Payments ("Ta'widh")	:	<p>In the event of any overdue payments or default where there are amounts due under any tranche of the Sukuk Murabahah, TAQA shall pay compensation on such overdue amounts or defaulted amounts at the rate and manner prescribed by the SC's Shariah Advisory Council from time to time in accordance with Shariah.</p>
(iii)	Rebate ("Ibra'")	:	<p>A rebate may be granted at the absolute discretion of the Sukukholders. The Sukukholders in subscribing or purchasing the Sukuk Murabahah hereby consent to grant such rebate if the Sukuk Murabahah is redeemed before maturity i.e. upon the declaration of an Event of Default or Mandatory Redemption Event (if applicable).</p> <p>Ibra' (rebate) following declaration of Event of Default = unearned profit due to the Sukukholders from payment date following declaration of the Event of Default up to the maturity date.</p> <p>Ibra' (rebate) following Mandatory Redemption Event =</p>

			unearned profit due to the Sukukholders from Mandatory Redemption Date (as defined in the Trust Deed) up to the maturity dates.
(iv)	Documentation	:	<p>Completion, execution and delivery of all documentation for the Sukuk Murabahah which include inter-alia the following documents:</p> <ul style="list-style-type: none"> • Trust Deed; • Commodity Murabahah Master Agreement; • Contractual documents for the Murabahah Trade Transaction; • Service Agency Agreement; • Issue Agency Agreement; • Facility Agency Agreement; and • Any other relevant documentation which may be advised by the Solicitors. <p>(the above documents are hereinafter collectively referred to as the “Transaction Documents”).</p>
(v)	Taxes	:	All payments by the Issuer in connection with the Sukuk Murabahah shall be made free and clear of all and without deductions for all present and future taxes, duties, levies or withholdings of whatever nature unless such withholding or deduction is required by law subject to certain exceptions provided in the Trust Deed.
(vi)	Governing Law	:	The laws of Malaysia.
(vii)	Jurisdiction	:	The Issuer shall unconditionally and irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.

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4.0 DESCRIPTION OF THE SUKUK MURABAHAH

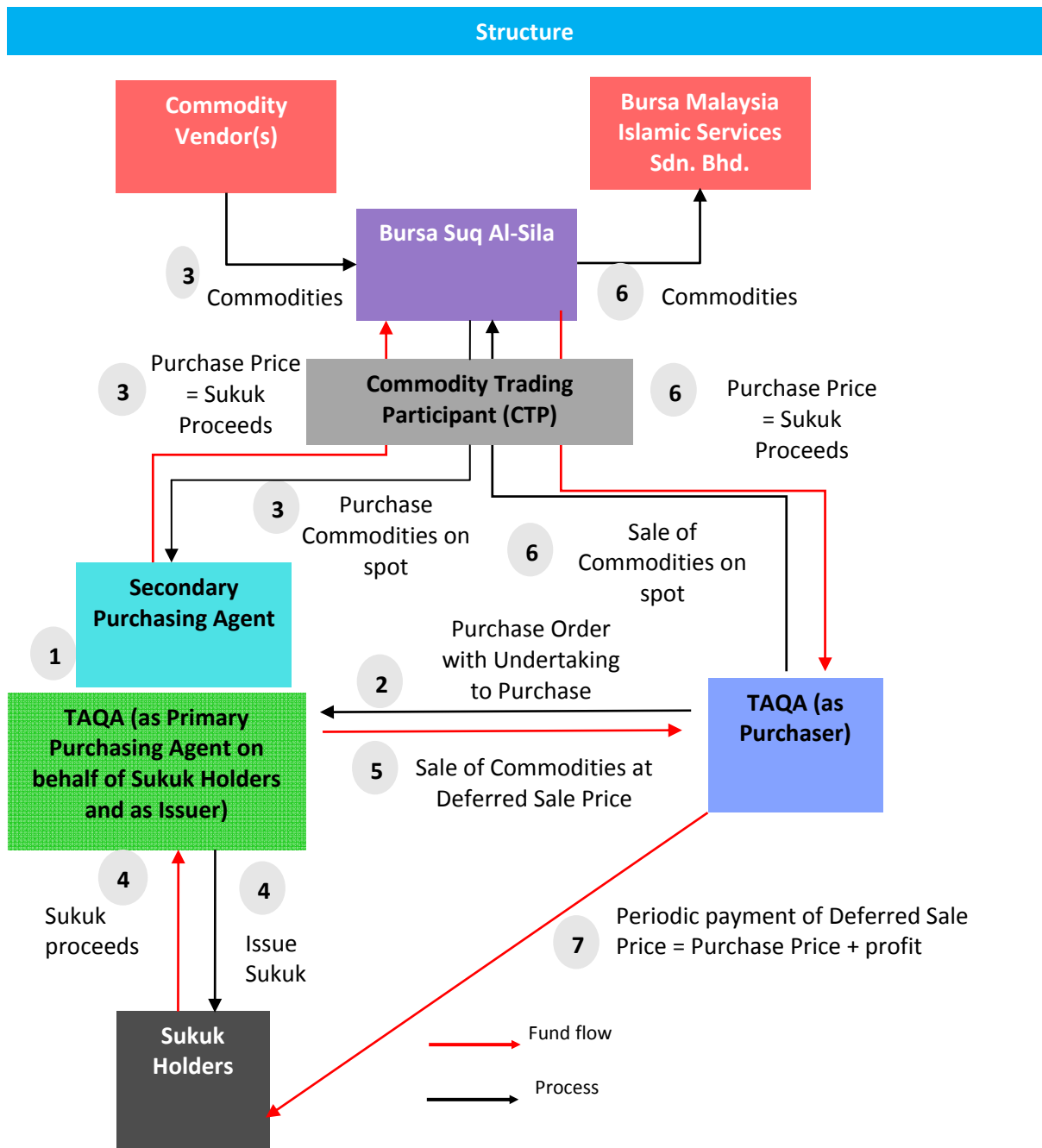
This overview does not purport to be complete and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Information Memorandum.

Potential investors should read this entire Information Memorandum, especially the risks in relation to investing in the Sukuk Murabahah discussed under Section 2.0, “*Risk Factors*”.

The Sukuk Murabahah Programme is a sukuk programme with a tenure of up to twenty (20) years from the initial issuance date, structured on an unsecured basis and based on the Shariah principle of Murabahah involving selected Shariah compliant commodities and shall be effected as follows:

- 1) The Sukukholders and TAQA shall enter into a Service Agency Agreement, pursuant to which TAQA (in such capacity, the “**Primary Purchasing Agent**”) is appointed as the agent of the Sukukholders for the purchase and sale of Shariah compliant commodities (“**Commodities**”). The Primary Purchasing Agent will then enter into a Facility Agency Agreement to appoint the Facility Agent as the sub-agent (in such capacity the “**Secondary Purchasing Agent**”) for the purchase and sale of Commodities under the Sukuk Murabahah Programme.
- 2) Pursuant to a Commodity Murabahah Master Agreement, prior to the date on which the Sukuk Murabahah is issued, TAQA (acting as purchaser for itself) issues a purchase order (the “**Purchase Order**”) to the Primary Purchasing Agent and the Secondary Purchasing Agent. In the Purchase Order, TAQA (acting as purchaser for itself) will request the Primary Purchasing Agent and the Secondary Purchasing Agent to purchase the Commodities and will irrevocably undertake to purchase the Commodities from the Sukukholders via the Secondary Purchasing Agent.
- 3) Based on the Purchase Order, the Secondary Purchasing Agent (pursuant to the CTP Purchase Agreement entered into between the Secondary Purchasing Agent and the Commodity Trading Participant (“**CTP**”)), will purchase on a spot basis the Commodity from **commodity vendor(s)** in the Bursa Suq Al-Sila’ commodity market (through a CTP) at a purchase price (“**Purchase Price**”) which shall be an amount equivalent to the Sukuk Murabahah proceeds.
- 4) TAQA (acting as the Issuer) shall then issue Sukuk Murabahah to the Sukukholders to fund the Purchase Price of the Commodities. The Sukuk Murabahah shall evidence amongst others, the Sukukholders’ ownership of the Commodities and subsequently once the Commodities are sold to TAQA (as the Purchaser for itself) the entitlement to receive the Deferred Sale Price (which is equivalent to the Purchase Price and a mark-up profit).
- 5) Thereafter, pursuant to the sale and purchase agreement, the Secondary Purchasing Agent (acting on behalf of the Primary Purchasing Agent) shall sell the Commodity to TAQA (acting as Purchaser for itself) at the Deferred Sale Price (“**Sale and Purchase Agreement**”).
- 6) Upon completion of such purchase, TAQA (pursuant to the CTP Sale Agreement entered into between TAQA (acting as Purchaser for itself) and the CTP) shall sell the Commodity to Bursa Malaysia Islamic Services Sdn. Bhd. (through the CTP) on a spot basis for an amount equal to the Purchase Price. The CTP Sale Agreement will provide for the CTP to directly sell the Commodities to Bursa Malaysia Islamic Services Sdn Bhd upon notice by the Secondary Purchasing Agent that the Sale and Purchase Agreement has been completed and executed.
- 7) During the tenure of the Sukuk Murabahah, the Issuer shall make periodic payments to the Sukukholders. The aggregate of all such payments will be equal to the Deferred Sale Price. On the date of maturity of the Sukuk Murabahah, all amounts then outstanding on the Deferred Sale

Price shall be paid by the Issuer to the Sukukholders whereupon the Sukuk Murabahah shall be cancelled.



The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the applicable Final Terms, will apply to the Sukuk Murabahah referred to in such Final Terms and will appear on the global certificate issued in respect of the relevant Sukuk Murabahah and, if issued, will be incorporated by reference into or appear on each definitive certificate except to the extent they are appropriate only to the global certificate. Words and expressions used and defined in the following terms and conditions shall, in the event of inconsistency with the Glossary of this Information Memorandum, only be applicable for the following terms and conditions. Terms and expressions defined in the Trust Deed shall have the same meanings in the following terms and conditions except where the context so otherwise requires.

1. GENERAL

- 1.1 This Sukuk Murabahah is part of one of several Series of Sukuk Murabahah which may be issued by the Issuer pursuant to the Commodity Murabahah Master Agreement under the Shariah Principle of Murabahah and are constituted by a Trust Deed between the Issuer and Deutsche Trustees Malaysia Berhad as the trustee for the Sukukholders.
- 1.2 Copies of the Trust Deed and the other Transaction Documents are available for inspection, review and assessment during normal office hours at the registered office of the Trustee.
- 1.3 The statements in these terms and conditions include summaries of, and shall be subject to, the provisions of the Trust Deed and the other Transaction Documents.
- 1.4 The Sukukholders shall be entitled to the benefit of and shall be bound by, and shall be deemed to have notice of, all the provisions of the Trust Deed and the other Transaction Documents.
- 1.5 Each Sukukholder shall be deemed to have appointed the Trustee to act as its trustee for the purposes of the Trust Deed and each other Transaction Documents to which the Trustee is a party on the terms and subject to the conditions therein contained.
- 1.6 Terms and expressions defined in the Trust Deed shall have the same meanings in this Sukuk Murabahah except where the context so otherwise requires.

2. FORM, DENOMINATION, TITLE AND TRANSFERS

2.1 Form and Denomination

Subject to the requirements of the Code applicable from time to time, the Sukuk Murabahah, unless exchanged for Definitive Certificates pursuant to Clause 5.3 of the Trust Deed, are represented by a global certificate (the “**Global Certificate(s)**”) in bearer form. The Global Certificate(s) will be deposited with Bank Negara Malaysia as a central depository (the “**Central Depository**”). Owners of interests in the Sukuk Murabahah will not be entitled to receive physical delivery of the Global Certificate(s). The Global Certificates shall be issued in denominations of Ringgit Malaysia One Thousand (RM1,000.00) each or such other denominations as the Facility Agent may agree and in accordance with the Code. Definitive Certificates shall be in denominations of Ringgit Malaysia One Thousand (RM1,000.00) each or such other denominations as the Facility Agent may agree and in accordance with the Code.

2.2 Title

- (a) Title to the Sukuk Murabahah passes on delivery or as prescribed under the Code.
- (b) Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Trustee, the Paying Agent and the Central Depository may deem and treat:
 - (i) the bearer of any Definitive Certificate (in the case where the Definitive Certificates have been issued);
 - (ii) each SSDS Participant who has for the time being a particular amount of the Sukuk Murabahah credited to his Own Securities Account in the records of the Central Depository, and in the case where a particular amount of the Sukuk Murabahah is credited to an Aggregate Customers' Securities Account, the several persons being the beneficial owners of the Sukuk Murabahah as evidenced by the records maintained by such SSDS Participant and authenticated in a manner satisfactory to the Trustee,

as the absolute owner thereof for all purposes and notwithstanding any of the following:

 - (aa) the fact that the Sukuk Murabahah are overdue;
 - (bb) any notation of ownership or other writing on the Sukuk Murabahah or notice of any previous loss or theft thereof or trust or other notice therein; or
 - (cc) any notice to the contrary,

and shall not be required to obtain proof of ownership.

2.3 Transfers

Transfers of beneficial interests in the Sukuk Murabahah will be effected through records maintained by the Central Depository and/or the SSDS Participants in accordance with the procedures of the Central Depository and/or the SSDS Participants whilst the Sukuk Murabahah is represented by the Global Certificate(s). The Central Depository and/or the SSDS Participants will credit the respective principal amounts of the Sukukholders' interest to the account of such Sukukholders. Save for any manifest error, any statement by the Central Depository and/or the SSDS Participants certified by duly authorised officer of the Central Depository and/or the SSDS Participants shall be conclusive as to the title of any interests in the Sukuk Murabahah referred to in such statement. Transfers of such interests will be subject to compliance by the transferor and the transferee with the procedures of the Central Depository and/or the SSDS Participants and the terms of the CSDPAR. Any transfer of interests in the Sukuk Murabahah shall be subject to the Selling Restrictions contained in and endorsed on the Global Certificate(s) and the Code.

3. STATUS

- 3.1 Each Sukuk Murabahah constitutes (subject to the Negative Pledge Clause in Condition 3.2 below) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Sukuk Murabahah shall, save for such exceptions as may be provided by applicable legislation and subject to the Negative Pledge Clause, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- 3.2 So long as any Sukuk Murabahah remains Outstanding, the Issuer will not and will ensure that none of its Material Subsidiaries will create, or have outstanding, any Security Interest other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto, according to the Sukuk Murabahah the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (a) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Sukukholders or (b) shall be approved by an Extraordinary Resolution.

4. MANDATORY REDEMPTION

4.1 Covenant to pay Redemption Amount

(a) Redemption on Maturity Date

On any date when the Sukuk Murabahah or any of them becomes due for redemption in accordance with the Transaction Documents or any provision of these presents, the Issuer shall unconditionally pay to the relevant Sukukholders the Redemption Amount relating to such Sukuk Murabahah of the same Series.

(b) Redemption on declaration of an Event of Default

Upon the declaration of an Event of Default by the Trustee in accordance with Condition 12.2, the Issuer shall unconditionally pay to the relevant Sukukholders the Redemption Amount of the Sukuk Murabahah.

(c) Redemption on occurrence of Mandatory Redemption Event

If the Mandatory Redemption Event is specified in the Pricing Supplement as being applicable and if a Mandatory Redemption Event occurs, the Issuer shall, at the request of the Sukukholder of any Sukuk Murabahah redeem or, at the Issuer's option, purchase (or procure the purchase of) the Sukuk Murabahah on the Mandatory Redemption Date at the Redemption Amount.

Promptly upon the Issuer becoming aware that a Mandatory Redemption_Event has occurred the Issuer shall, and, at any time following the occurrence of a Mandatory Redemption_Event, the Trustee, if so requested by the Sukukholders of at least one-quarter in Nominal Value of the Sukuk Murabahah then Outstanding or if so directed by an Extraordinary Resolution, shall, give a Mandatory Redemption Notice to the Sukukholders in accordance with Condition 19 specifying the nature of the Mandatory Redemption Event.

If eighty five percent (85.0%) or more in Nominal Value of the Sukuk Murabahah then Outstanding have been redeemed or, as the case may be, purchased, pursuant to this Condition 4.1(c), the Issuer may, on giving not less than thirty (30) nor more than sixty (60) days' notice to the Sukukholders (such

notice being given within thirty (30) days after the Mandatory Redemption Date), redeem or, at the Issuer's option, purchase (or procure the purchase of) all but not some only of the remaining Outstanding Sukuk Murabahah at the Redemption Amount.

To exercise the right to require Mandatory Redemption, the Sukukholder must deposit a duly completed exercise notice in the form obtainable from the Trustee within the Mandatory Redemption Period. The exercise of the right to require Mandatory Redemption may not be withdrawn without the prior consent of the Issuer.

4.2 Covenant to pay Profit

Subject to Conditions 4.1(a), 4.1(b) and 4.1(c), until the payment of the Redemption Amount referred to in Conditions 4.1(a), 4.1(b) and 4.1(c) is duly made, the Issuer shall, on each Profit Payment Date unconditionally pay to the Sukukholders the Profit.

4.3 Manner of payment

Every payment by the Issuer in respect of the Sukuk Murabahah (including but not limited to the payment of the Redemption Amount and the Profit) in accordance with the provisions of the Trust Deed and/or the CSDPAR shall be satisfaction *pro tanto* of the covenant by the Issuer contained in Conditions 4.1 and 4.2 and the obligation and liability of the Issuer with regard to that relevant payment.

4.4 Rebate

If Rebate is specified in the Pricing Supplement as being applicable, the Rebate shall be granted in respect of the redemption of the Sukuk Murabahah upon declaration of an Event of Default or upon exercise of the right to require Mandatory Redemption.

5. **OPEN MARKET PURCHASE**

5.1 The Issuer or its related corporations may at any time purchase the Sukuk Murabahah in the open market or otherwise at any price. The Sukuk Murabahah so purchased by the Issuer or its subsidiaries shall be surrendered for cancellation. Any Sukuk Murabahah surrendered for cancellation shall not be re-issued or re-sold and the obligations of the Issuer in respect of any such Sukuk Murabahah shall be discharged.

5.2 Any Sukuk Murabahah held by the Issuer and/or its related corporations which have not been cancelled shall have no voting rights and accordingly, such Sukuk Murabahah shall not be deemed to be Outstanding for the purposes of:-

- (a) constituting quorums at meetings of the Sukukholders;
- (b) determining the total votes exercisable by Sukukholders whenever such determination is required under the Trust Deed.

6. **CANCELLATION**

All Sukuk Murabahah that are:

- (a) redeemed in full;

- (b) purchased pursuant of Clause 6 of the Trust Deed; or
- (c) which, being worn-out, mutilated or defaced, destroyed, lost or stolen, have been surrendered and replaced pursuant to Condition 7 or as provided in the Trust Deed,

shall forthwith be cancelled or treated as cancelled and accordingly may not be re-issued or re-sold unless otherwise provided by the terms of the Trust Deed or the other Transaction Documents, and the Issuer shall procure to be given to the Trustee, the Central Depository and the Paying Agent a certificate stating:

- (i) the aggregate Nominal Value of the Sukuk Murabahah which have been so surrendered, redeemed, purchased or replaced; and
- (ii) the certificate numbers of such Sukuk Murabahah (if applicable),

as soon as possible after the date of such surrender, redemption or replacement (as the case may be). The Trustee, the Central Depository and the Paying Agent may accept such certificate as conclusive evidence of surrender, payment or replacement of such Sukuk Murabahah or payment of any amount thereon and of cancellation of such Sukuk Murabahah.

For the avoidance of doubt, any Sukuk Murabahah cancelled pursuant to this Condition shall not be deemed to be Outstanding for any purpose from the date of their cancellation.

7. REPLACEMENT

7.1 The Issuer shall replace any certificate that has been worn-out, mutilated, defaced, destroyed, lost or stolen, if the Sukukholders:

- (a) in the case of a certificate which has been worn-out, mutilated or defaced, delivers the worn-out, mutilated or defaced certificate to the Issuer or the Facility Agent (who shall immediately cancel the certificate);
- (b) in the case of a certificate which has been destroyed, lost or stolen:
 - (i) produces such evidence of the destruction, loss or theft as is required by the Issuer; and
 - (ii) pays to the Issuer, the Facility Agent, and indemnifies it against, all costs and expenses incurred by the Issuer in respect of any investigation by the Issuer of the destruction, loss or theft; and
- (c) in all cases, gives to the Issuer such indemnity as the directors of the Issuer may reasonably require; and
- (d) pays the expenses of the Issuer, the Facility Agent and any registration, stamp or other tax, duty or charge incurred or payable in connection therewith.

7.2 The Facility Agent shall authenticate any replacement Sukuk Murabahah to be issued in place of Sukuk Murabahah which have been worn-out, lost, stolen, mutilated, defaced or destroyed if so instructed by the Issuer.

8. PAYMENT

- 8.1 The Issuer hereby expressly covenants with the Trustee that it will, in accordance with the Trust Deed and the Conditions and the Code, on the Maturity Dates of the Sukuk Murabahah or on the Profit Payment Dates, pay or procure to be paid unconditionally to the Paying Agent in Ringgit Malaysia in Kuala Lumpur, Malaysia in immediately available funds the Redemption Amount or the Profit (as the case may be) of the Sukuk Murabahah on those dates PROVIDED THAT every payment in respect of the Redemption Amount or the Profit (as the case may be) of the Sukuk Murabahah to or to the account of the Paying Agent in the manner provided in the CSDPAR:
- (a) shall operate in satisfaction *pro tanto* of the covenant of the Issuer to pay the Redemption Amount pursuant to Condition 4.1 and/or under the Trust Deed; and
 - (b) shall operate in satisfaction *pro tanto* of the Issuer's obligation to pay the Profit pursuant to Condition 4.2 and/or under the Trust Deed;
- as the case may be.
- 8.2
- (a) Pursuant to the CSDPAR, the Issuer has appointed or will appoint BNM as the depository and paying agent. In acting under the CSDPAR and in connection with the Sukuk Murabahah, the Paying Agent will act solely as the agent of the Issuer and not on behalf of the Sukukholders. The Sukukholders are bound by, and are deemed to have notice of, all the provisions in the CSDPAR applicable to them or insofar as they affect the rights, interests or obligations of the Sukukholders.
 - (b) All payments due in respect of the Sukuk Murabahah will be made through RENTAS by the Paying Agent subject to any fiscal or other laws or regulations applicable to the Paying Agent in respect thereof.
 - (c) All payments in respect of the Sukuk Murabahah will be made in Ringgit Malaysia in accordance with the procedures of the Central Depository or in such manner as the Paying Agent and the SSDS Participant may agree.
 - (d) The appointment of the Paying Agent may be terminated at any time in accordance with the CSDPAR, and subject to the compliance with any law, regulation, guidelines and/or rule in relation to scripless trading of the Sukuk Murabahah. Notice of any such termination or appointment and of any change in the specified office of the Paying Agent will be given to the Trustee in accordance with the Trust Deed.
 - (e) If the Definitive Certificates are issued pursuant to Clause 5.3 of the Trust Deed, all payments due in respect of the Definitive Certificates will be made in accordance with procedures as the Issuer and the Paying Agent may agree and such procedures shall be binding upon all Sukukholders.

9. COMPENSATION

In addition to and without prejudice to the other remedies of the Sukukholders or the Trustee under the Transaction Documents, if the Issuer shall fail to pay any moneys due and payable in relation to the Redemption Amount and Profit under the Sukuk Murabahah (whether before or after a demand), the Issuer shall pay to the Sukukholders and/or the Trustee for the account of the Sukukholders compensation (“**Ta’widh**”) on such overdue amounts at the rate and manner as may

be prescribed by the SC's Shariah Advisory Council or such other relevant authority from time to time in accordance with Shariah Principles.

10. WITHHOLDING

All payments under the Sukuk Murabahah and the Trust Deed by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Arab Emirates or the Emirate of Abu Dhabi therein or any authority therein or thereof having power of tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Sukukholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Sukuk Murabahah:

- (a) Other connection: To, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessment or governmental charges in respect of such Sukuk Murabahah by reason of his having some connection with the United Arab Emirates or the Emirate of Abu Dhabi therein other than the mere holding of the Sukuk Murabahah; or
- (b) Surrendered for payment more than thirty (30) days after the Relevant Date: In cases where surrender is required, in respect of which the Certificate is surrendered for payment more than thirty (30) days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such additional amounts on surrender of such Certificate for payment in the thirtieth day assuming that day to have been a Business Day; or
- (c) Payment to individuals: Where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

As used in these Conditions, “**Relevant Date**” in respect of any Sukuk Murabahah means whichever is the later of (i) the date on which payment in respect of it first becomes due and (ii) if the full amount payable has not been received by the Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Sukukholders. References in these Conditions to “**Redemption Amount**” and/or “**Profit**” shall be deemed to include any additional amounts that may be payable under this Condition 10.

11. LIMITATION PERIOD

Subject to the provisions of the Unclaimed Moneys Act, 1965, claims for any money due and payable in respect of the Sukuk Murabahah will become void unless made within six (6) years from the relevant due date for payment in respect thereof.

12. EVENTS OF DEFAULT

12.1 Upon the occurrence of any of the following Events of Default,

- (a) Non-Payment: The Issuer fails to pay any amount due under the Sukuk Murabahah or the other Transaction Documents in respect of any of the Sukuk Murabahah when due and such non-payment is not remedied within a period of seven (7) business days from the relevant due date; or

- (b) Breach of Other Obligations: The Issuer does not perform or comply with any one or more of its other obligations (including the representations and warranties) in the Sukuk Murabahah or the Trust Deed or the other Transaction Documents which default is incapable of remedy or, if in the written opinion of the Trustee capable of remedy, is not in the written opinion of the Trustee remedied within thirty (30) days after notice of such default shall have been given to the Issuer by the Trustee; or
- (c) Cross-Acceleration: (i) any other Borrowed Money Indebtedness of the Issuer or any Material Subsidiary becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such Borrowed Money Indebtedness is not paid when due or, as the case may be, within any applicable grace period provided that the aggregate amount of the relevant Borrowed Money Indebtedness in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds U.S.\$50,000,000.00 or its equivalent in another currency (as reasonably determined by the Trustee); or
- (d) Enforcement Proceedings: A distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or, in the opinion of the Trustee, any material part of the property, assets or revenues of the Issuer or any Material Subsidiary and is not discharged or stayed within ninety (90) days; or
- (e) Security Enforced: Any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Material Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person, but excluding the issue of any notification to the Issuer or the relevant Material Subsidiary that such mortgage, charge, pledge, lien or other encumbrance has become enforceable); or
- (f) Insolvency: The Issuer or any Material Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or, in the opinion of the Trustee, a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of the debts of the Issuer or any Material Subsidiary; or
- (g) Winding-up: An order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any Material Subsidiary, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except, in any case, for the purpose of and followed by a transfer, reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Sukukholders, or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the relevant Material Subsidiary are transferred to or otherwise vested in the Issuer or another Subsidiary; or

- (h) Illegality: It is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Sukuk Murabahah or the Trust Deed or the other Transaction Documents; or
- (i) Analogous Events: Any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs;

provided that (save in the case of paragraphs (a) and (c) and (in so far as they relate to the Issuer) paragraphs (f) and (g)) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Sukukholders.

Each of paragraphs (a) to (i) above is to be construed independently and no one Event of Default limits the generality of any other Event of Default.

If the Trustee is notified under the Trust Deed of the occurrence of an Event of Default, it shall inform the Sukukholders.

12.2 Declaration of Event of Default

- 12.2.1 (a) Upon the occurrence of the Event of Default set out in Condition 12.1(a), the Trustee shall (unless otherwise instructed by the Sukukholders by way of an Extraordinary Resolution) by written notice to the Issuer and the Facility Agent declared that a Event of Default has occurred; and/or
- (b) Upon the occurrence of any Event of Default (other than the Event of Default specified in Condition 12.1(a)), the Trustee may at its discretion and shall if so requested by the Sukukholders via an Extraordinary Resolution (subject to the Trustee having been indemnified to its satisfaction), by written notice to the Issuer and the Facility Agent declare that an Event of Default has occurred;

whereupon:

- (i) notwithstanding the stated Maturity Dates of each Series of Sukuk Murabahah, each Series of Sukuk Murabahah shall mature and become immediately due and payable at their respective Redemption Amount; and
- (ii) the Trustee may, but subject to Condition 13.2, at its discretion, by written notice to the Issuer, take such other actions and institute such proceedings as it may think fit against the Issuer to enforce the provisions of the Trust Deed and the other Transaction Documents and to enforce payment of the Sukuk Murabahah and all amount payable under the Transaction Documents.

12.2.2 Upon the declaration of an Event of Default by the Trustee, the Trustee shall have the right:

- (a) by notice to the Issuer, the Facility Agent, the Issue Agent, the Paying Agent, the Central Depository require the Facility Agent, the Issue Agent, the Paying Agent and the Central Depository (as the case may be):

- (i) to act in accordance with the instructions of the Trustee in relation to payment to be made by or on behalf of the Trustee under the Trust Deed on the terms and conditions of the CSDPAR;
 - (ii) to hold all Sukuk Murabahah on behalf of the Sukukholders and in accordance with the instructions of the Trustee; and
 - (iii) to deliver all cancelled Sukuk Murabahah, and all sums, records and other documents in respect of the Sukuk Murabahah to the Trustee or to any other party as the Trustee may direct; and
- (b) by notice in writing to the Issuer, the Facility Agent, the Issue Agent, the Paying Agent and the Central Depository require the transfer of all sums held by the Facility Agent, the Central Depository and Paying Agent in respect of the Sukuk Murabahah to or to the order of the Trustee and require the Issuer to make all subsequent payments in respect of the Sukuk Murabahah to or to the order of the Trustee and not to the Facility Agent, the Central Depository and/or the Paying Agent.

13. ENFORCEMENT

13.1 Only the Trustee may pursue the remedies available under the general law or under the Trust Deed or the Sukuk Murabahah to enforce the rights of the Sukukholders or the provisions of the Trust Deed, the other Transaction Documents or the Sukuk Murabahah. No Sukukholder shall be entitled to proceed directly against the Issuer to enforce the performance of any of the provisions of the Trust Deed, the other Transaction Documents or the Sukuk Murabahah unless the Trustee fails or neglects to do so within thirty (30) days after having become bound under the provisions of the Trust Deed to take proceedings, and such failure or neglect is continuing.

13.2 The Trustee shall:

- (a) subject to Condition 13.2(b), not be bound to take any steps (including, without limitation, giving notice declaring that an Event of Default has occurred) to enforce the performance of any of the provisions of the Trust Deed, the other Transaction Documents or of the Sukuk Murabahah unless (a) it shall have been so requested in writing by Sukukholders by an Extraordinary Resolution; and (b) it shall have been indemnified to its satisfaction by the Sukukholders against all actions, proceedings, claims, demands and liabilities to which it may thereby become liable and all costs (including legal costs on a solicitor client basis), charges, damages and expenses which may be incurred by it in connection therewith;
- (b) in relation to the declaration of an Event of Default by the Trustee pursuant to Condition 12.1(a), unless otherwise instructed by the Sukukholders by way of an Extraordinary Resolution, be deemed to have been so instructed and indemnified by all the Sukukholders to make a declaration that an Event of Default has occurred PROVIDED THAT the Trustee shall not be bound to enforce the performance of any of the provisions of the Trust Deed, the other Transaction Documents or the Sukuk Murabahah (other than the making of a declaration that the Event of Default has occurred) unless the Trustee shall have been indemnified to its satisfaction by the Sukukholders against all actions, proceedings, claims, demands and liabilities to which it may thereby become liable and all costs

(including legal costs on a solicitor client basis), charges, damages and expenses which may be incurred by it in connection therewith or shall have payment in respect of the above reasonably assured to it.

14. INDEMNIFICATION OF TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce the performance of any provision of the Trust Deed or the Sukuk Murabahah unless indemnified to its satisfaction.

15. OTHER TRANSACTIONS

The Trustee shall be entitled to enter into business transactions with the Issuer without accounting for any profit resulting from those transactions.

16. AUTHORISATIONS AND WAIVERS OF BREACHES

The Trustee may,

- (a) if authorised to do so by the resolution of the Sukukholders (to be determined by Extraordinary Resolution); or
- (b) without the consent of the Sukukholders but only if and in so far as in its opinion the interest of the Sukukholders will not be materially prejudiced thereby,

and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time, authorise or waive, on and subject to such terms and conditions as to it shall seem fit, any breach or proposed breach by the Issuer or any other party of any of the provisions, terms and conditions of the Sukuk Murabahah, the Trust Deed and any other Transaction Documents PROVIDED ALWAYS that the Trustee shall not exercise any powers conferred on it by this Condition in contravention of any express direction given to it by an Extraordinary Resolution (such direction not being inconsistent with any of the express terms and conditions of these presents) but no such direction shall affect any such authorisation or waiver previously given or made. In exercising its direction, the Trustee shall not be bound to have regard to the past or then current market price of the Sukuk Murabahah. Subject as aforesaid and if the Trustee so requires, any such authorisation or waiver may be notified by the Trustee to the Sukukholders in accordance with the provisions of the Trust Deed and shall be binding upon the Sukukholders.

17. MODIFICATIONS

17.1 Any modification of the Trust Deed may be made only by mutual written agreement between the Trustee and the Issuer subject always to Shariah Principles.

17.2 The Trustee may at any time without any consent on the part of the Sukukholders concur with the Issuer in making any modification to the Trust Deed (including the form and content of the certificates of the Sukuk Murabahah) subject always to Shariah Principles provided that the Trustee shall be of the opinion that:-

- (a) such modification will not be materially prejudicial to the interests of the Sukukholders and/or the security created under the Transaction Documents; or
- (b) is necessary to correct manifest error; or
- (c) is of a minor or technical nature; or

- (d) is to comply with or to be made consistent with the Code or other guidelines applicable to the Sukuk Murabahah or mandatory provisions of law or requirements imposed by the regulatory authorities.

Any such modification shall be binding on the Sukukholders and if the Trustee so requires, notice of any modification shall be given by the Trustee to the Sukukholders and the Issuer in accordance with the provisions of the Trust Deed as soon as practicable thereafter.

- 17.3 The Sukukholders may, by an Extraordinary Resolution sanction any modification or compromise of their rights and consent to any modification to the Trust Deed.

18. MEETING

The provisions of Schedule 1 of the Trust Deed shall apply in relation to a meeting of the Sukukholders.

19. NOTICES

All notices and documents to Sukukholders may be sent by hand or post or by facsimile transmission or by electronic mail PROVIDED THAT notices to Sukukholders may at the option of the Trustee, be given by advertisements published in national newspapers in main languages, published daily and circulating generally throughout Malaysia, through any clearing systems through which interest in the Sukuk Murabahah are held, by any means allowed under the Code or in such manner as the Issuer and the Trustee may agree at any time and from time to time.

20. STAMP DUTY EXEMPTION

For the purpose of the Stamp Duty (Exemption) (No. 23) Order 2000, IT IS HEREBY DECLARED THAT this Certificate constitutes one of the several instruments employed in the issuance of the secured Sukuk Murabahah of up to the aggregate Nominal Value of Ringgit Malaysia Three Billion and Five Hundred Million (RM3,500,000,000.00) by the Issuer which has been approved by the SC.

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5.0 USE OF PROCEEDS

The net proceeds from the sale of each Series will be used by the Issuer for its general corporate purposes provided always that any such utilisation mentioned above shall be in compliance with the Shariah principles.

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6.0 PRINCIPAL INFORMATION REGARDING TAQA

BUSINESS

Overview

Abu Dhabi National Energy Company PJSC (“**TAQA**”) is a diversified international energy company headquartered in the Emirate of Abu Dhabi, United Arab Emirates. TAQA’s operating business is comprised primarily of two segments, *Oil and Gas* and *Power and Water*, which together accounted for 100 per cent of TAQA’s consolidated revenues (representing revenue from oil and gas, revenue from electricity and water, supplemental fuel revenue, gas storage revenue, net liquidated damages received and other operating revenue) of AED 12,575 million for the six month period ended 30 June 2011. In addition, TAQA receives income from certain strategic investments it holds from time to time.

Oil and Gas

TAQA is engaged in upstream and midstream oil and gas businesses with operations in Canada, the United States, the UK North Sea and The Netherlands. TAQA’s upstream oil and gas business includes exploration, development and production of crude oil, natural gas and natural gas liquids, and its midstream oil and gas business includes gas storage, oil and gas processing and transport. For the year ended 31 December 2010, TAQA’s *Oil and Gas* segment generated consolidated revenues of AED 9,201 million, or 43 per cent of total consolidated revenues. For the six months ended 30 June 2011, TAQA’s *Oil and Gas* segment generated consolidated revenues of AED 5,999 million, or 48 per cent of total consolidated revenues.

Power and Water

TAQA owns (including contractual interests), develops, acquires and/or operates electricity generation and water desalination facilities in the Middle East, Africa, the United States and India. TAQA owns majority interests in eight electricity generation and water desalination facilities in the UAE. In addition, TAQA owns an interest in and operates power generation facilities in each of Morocco, India and Ghana. TAQA also owns an interest in a tolling agreement in relation to a power generation facility in the United States. For the year ended 31 December 2010, TAQA’s electricity generation and water desalination segment generated consolidated revenues of AED 12,238 million, or 57 per cent of total consolidated revenues. For the six months ended 30 June 2011, TAQA’s *Power and Water* segment generated consolidated revenues of AED 6,576 million or 52 per cent of total consolidated revenues.

Strategic Investments

TAQA has minority investments in other energy and related enterprises, including: (i) a 40 per cent interest in Sohar Aluminium LLC, which has aluminium smelting capacity of 360,000 tonnes per annum and includes a 1,000MW captive power plant; (ii) an approximately 7 per cent equity interest in Tesla Motors, Inc., an electric motor vehicles manufacturer; (iii) an approximately 7 per cent equity interest in National Takaful Company (Wataniya), a UAE Islamic insurance company; (iv) a 49 per cent interest in Al Wathba Company For Central Services PJSC, a UAE company providing support services to electricity generation and water desalination plants in the UAE; (v) a 25 per cent interest in Jubail Energy Company, a power generation facility in Saudi Arabia; and (vi) a 40 per cent interest in NoordGas Transport BV, which is involved in midstream operations in The Netherlands.

Shareholders

TAQA’s shares are listed on the Abu Dhabi Securities Exchange under the symbol “TAQA”. TAQA’s principal shareholders as at 30 September 2011 were:

Shareholder	Shareholding (%)
Abu Dhabi Water and Electricity Authority	51.05
Fund for the Support of Farm Owners in the Emirate of Abu Dhabi	21.12
Other government entities	0.45
Public (float) ⁽¹⁾	27.38

Note:

- (1) TAQA owns 2.5 per cent of its publicly floated shares as treasury shares.

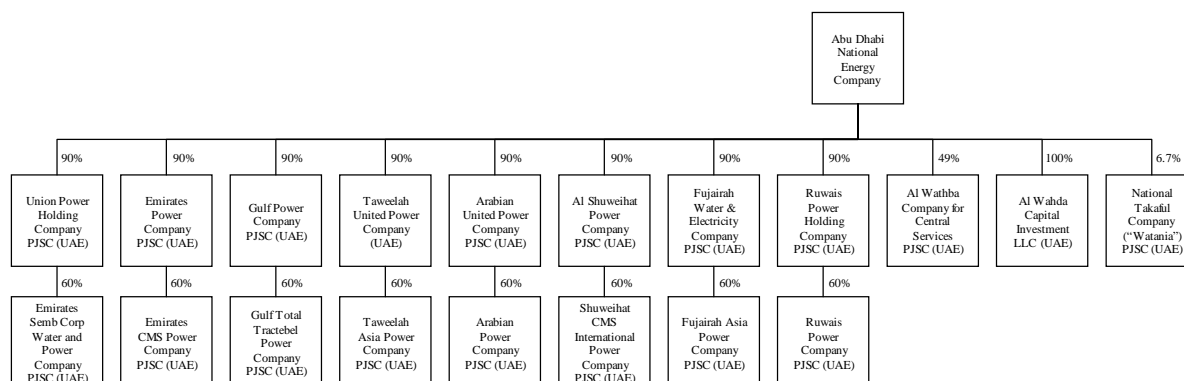
Abu Dhabi Water and Electricity Authority (“ADWEA”) is an Abu Dhabi government authority, and the Fund for the Support of Farm Owners in the Emirate of Abu Dhabi is an Abu Dhabi government entity. Accordingly, the Abu Dhabi government indirectly owns 72.62 per cent of TAQA.

Corporate, Organisational and Reporting Structures

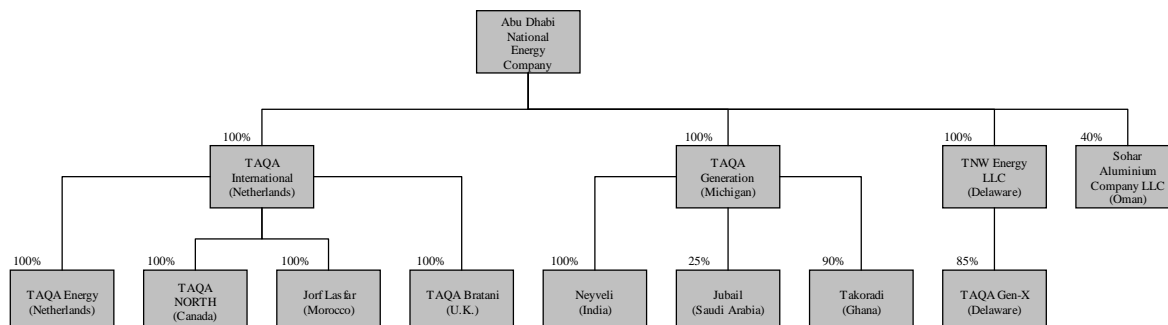
Corporate structure

The following simplified corporate structure charts depict the inter-corporate relationships between TAQA and its principal domestic and international subsidiaries. Intermediate holding companies may be interposed between those companies shown on the corporate structure charts, and the ownership percentage figures in the charts reflect the direct or indirect ownership, as applicable.

Domestic (UAE) Subsidiaries

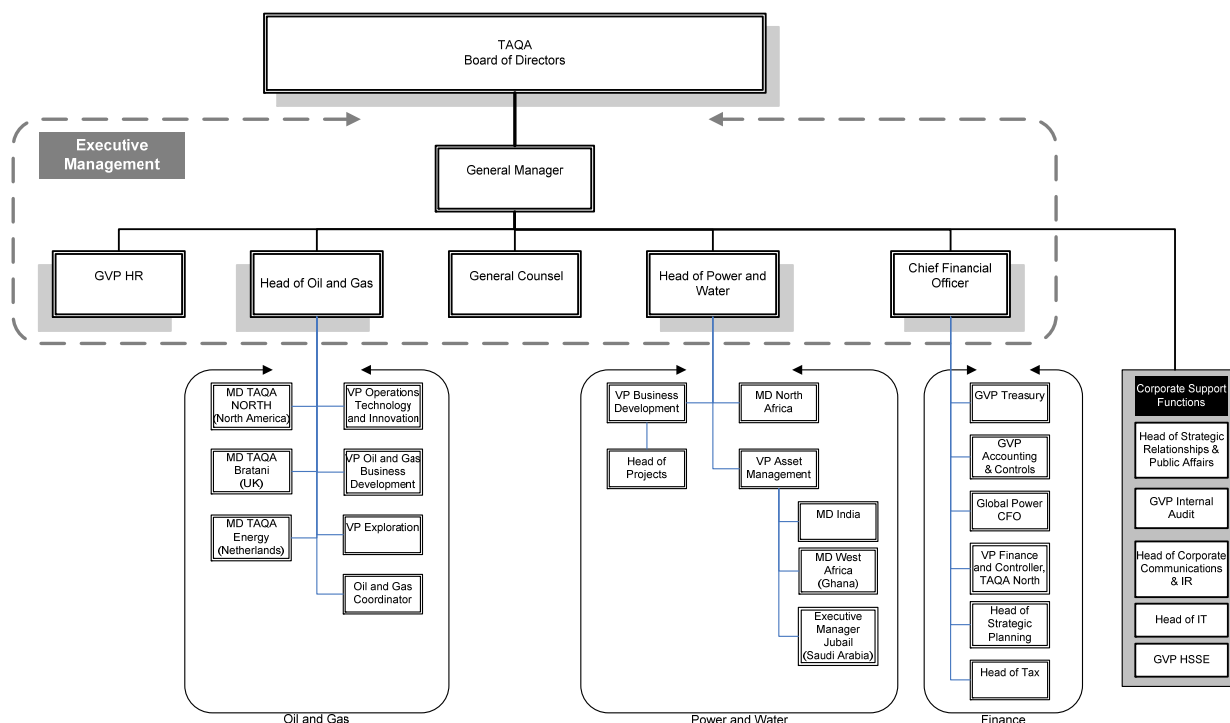


International Subsidiaries



Organisational and Reporting Structure

The following chart depicts how TAQA's business is organised and the general reporting lines for the business.



Strategy

TAQA's strategy is to continue its development into a diversified energy business with a portfolio of high quality assets covering key segments of the energy industry and balanced across developed and emerging markets. TAQA built its diverse and broad asset base through acquisitions that transformed itself from a holding company for domestic UAE power generation and water desalination assets to an international energy company operating across several segments of the energy industry. This asset base provides TAQA with significant opportunities for value creation, and TAQA is focused on realising the full potential of its asset base to create long-term value for its stakeholders, in particular through:

- Organic growth opportunities within its existing *Oil and Gas* and *Power and Water* businesses.
- Building on TAQA's significant gas storage business in Europe, possibly including carbon capture and sequestration business opportunities around TAQA's depleted and nearly depleted gas reservoirs in Europe.
- Managing its finances in a prudent manner with carefully planned and executed capital expenditure programmes and maintaining strong, investment grade credit ratings.
- Utilising technologies such as new drilling and exploitation methods to enhance the recovery potential of TAQA's oil and gas reserves.

- Seeking and developing synergies between the *Oil and Gas* and *Power and Water* businesses.
- Investing in TAQA's people to build in-house knowledge, experience and expertise required for building a sustainable long-term business for TAQA's stakeholders.
- Implementing operational improvements without compromising on the health and safety of TAQA employees or TAQA's commitment to the environment.

In terms of its geographic focus, TAQA is committed to business growth in line with its current geographic footprint, being the Middle East, North and Sub-Sahara Africa, North America, Europe and India. Expansion in other regions could be considered where there is a logical advantage and capability that would distinguish TAQA.

In addition to organic growth, TAQA will consider selective acquisitions that are complementary to its existing businesses that would be accretive to TAQA's revenues and cash flows. Such selective opportunities include oil and gas development and production, as well as power generation and/or water desalination projects in the I-MENA region.

Within the UAE, TAQA intends to continue to provide most of the power and water needs of the Emirate of Abu Dhabi and play a role in the supply of power and water to the rest of the UAE. TAQA expects to continue to benefit from ADWEA's strategy of brownfield and greenfield development of power generation and water desalination facilities in the UAE and privatising them through the transfer of a majority interest in each of these facilities to TAQA.

Competitive Strengths

TAQA has certain competitive strengths which are set out below.

Abu Dhabi support and foundation

TAQA is majority owned and supported by the Abu Dhabi Government through TAQA's controlling shareholder ADWEA. TAQA is a critical domestic utility providing more than 95 per cent of the electricity and water requirements of Abu Dhabi. This domestic foundation and support from the Abu Dhabi Government has underpinned TAQA's growth into a diversified international energy company. The Abu Dhabi Government is the highest rated sovereign in the Middle East (see "*Overview of the UAE and Abu Dhabi – Abu Dhabi*" in Section 10.0 hereof). TAQA considers its Abu Dhabi base and Abu Dhabi Government support as critical elements of its competitive strength.

Large, diversified and robust business

TAQA operates in 10 countries spread across four continents, with businesses that span the energy value chain from upstream oil and gas exploration, development and operations to downstream electricity generation and water desalination. TAQA's *Oil and Gas* and *Power and Water* businesses are balanced between elements dependent on commodity prices and elements assured of long-term committed revenues and earnings (see "*Principal Information Regarding TAQA – Business – Business Segments – Power and Water – Contractual nature of Power and Water business*" in this Section 6.0). This balance has been tested through the significant down-cycle in commodity prices in 2009 during which TAQA remained profitable, evidencing the financially robust nature of TAQA's business model.

Presence in, and exposure to, emerging markets

TAQA's *Power and Water* business has assets in some of the most promising emerging and frontier markets, including the Middle East, North and Sub-Sahara Africa and India. These economies are experiencing, and are expected to continue to experience, higher economic growth rates than mature markets. This growth not only translates into higher demand growth for energy, particularly electricity,

but also requires significant investments in critical infrastructure such as electricity generation facilities and related energy infrastructure. TAQA believes it is well positioned to benefit not only directly, through its power generation presence in such emerging and frontier markets, but also indirectly through higher demand for oil and natural gas that is expected to go hand-in-hand with the growth of these significant markets in parallel with other large emerging markets such as China and Brazil.

Significant unrealised value in assets

TAQA has significant unrealised value across its large asset base. TAQA's *Oil and Gas* business has one of the largest land holdings in the Western Canadian Sedimentary Basin, with significant potential for unlocking additional oil and gas reserves through the deployment of new drilling and enhanced recovery technologies. In the UK North Sea, TAQA has also identified several opportunities that should significantly extend the life of TAQA's assets in the northern North Sea.

TAQA's assets in The Netherlands offer potential for growing the midstream business, a process that has commenced with the development of the Bergermeer Gas Storage Facility, that, when completed, will be one of the largest open access gas storage facilities in Western Europe. The Bergermeer facility will provide natural gas storage capacity to the market, enabling customers to manage gas price volatilities, while providing stable revenue and earnings to TAQA.

TAQA's *Power and Water* business has made significant progress in unlocking growth opportunities within its portfolio of assets. For example, construction of TAQA's expansion at Jorf Lasfar (Morocco) began in the fourth quarter of 2010; the combined cycle expansion of Takoradi (Ghana) has been under active development, and additionally TAQA has begun development work on an expansion opportunity in India (see "*Principal Information Regarding TAQA – Business – Business Segments – Power and Water – International Power and Water Assets*" in this Section 6.0).

Experienced Abu Dhabi and international management team

TAQA has built an excellent management team comprised of senior Abu Dhabi government and business leaders and internationally experienced executives with extensive experience and established track records in the energy industry. Headquartered in the Emirate of Abu Dhabi, TAQA also has operational centres matching its business footprint, providing strong management and operational teams on the ground.

Excellence in operations and project execution

TAQA is focused on operational and execution excellence that includes running its business efficiently through investments in people and technologies, and a disciplined approach to project execution. TAQA's organic business growth is highly dependent on both discipline and excellence in project execution (on time, on budget, in scope and safely). In the *Power and Water* business, this includes fostering partnerships with leading international developers and contractors based on TAQA's strong reputation as a capable and knowledgeable partner for large projects.

Business Segments

Oil and Gas

TAQA is engaged in upstream and midstream oil and gas businesses in Canada, the United States, UK North Sea and The Netherlands. TAQA's upstream business includes exploration, development and production of crude oil, natural gas and natural gas liquids, and its midstream business is comprised of gas storage facilities, processing plants, pipeline interests and associated assets.

Overview of Upstream exploration and production

TAQA has oil and gas exploration, development and production operations in North America and Europe. TAQA's North American operations are located in the Canadian provinces of Alberta,

British Columbia, Saskatchewan and Manitoba, and in the northwest United States in the states of Montana, North Dakota and Wyoming. TAQA's European exploration and production operations consist of assets in the UK North Sea and The Netherlands (both onshore and offshore).

TAQA's exploration and production business seeks first to optimize return from its existing asset base. For example, TAQA is pursuing extensive development opportunities related to TAQA's large exploration land portfolio in North America. TAQA has also acquired a number of producing fields across its portfolio of oil and gas assets in Europe. TAQA is investing in these fields to efficiently extract more oil and gas from current reserves, locate additional reserves (within and near to the known fields) and operate the assets more effectively. For example, TAQA had an average production from its North Sea Assets of 41,227 boe/d for the six months to 30 June 2011, over twice the level of production of those assets prior their acquisition. While TAQA has improved recovery and added reserves to the development, it has also invested significant capital to improve and enhance infrastructure, creating safer facilities with more facility uptime, as well as greater operational and cost efficiency.

Another important element of TAQA's upstream strategy is the use of optimized drilling and completion technologies, as well as disciplined and focused exploration techniques. TAQA continues to study selective acquisitions around its existing assets and capabilities to complement the growth of its upstream oil and gas business. In addition to producing assets, TAQA seeks to acquire undeveloped opportunities through competitive auctions, joint ventures, asset acquisitions, or other corporate transactions.

As of 31 December 2009, TAQA's proven plus probable reserves were 574 mmboe. In 2010, TAQA's proven plus probable reserves were 587 mmboe, an increase of 13 mmboe after taking into account production during 2010.

North America

TAQA's North American oil and gas business is focused on conventional oil and gas in the Western Canadian sedimentary basin and northwestern United States. As of 31 December 2010, TAQA had proven plus probable reserves in North America of approximately 465.2 mmboe consisting of 1,722 bcf of natural gas and 178 mmbbls of oil and condensates. In 2010, the North American properties produced 88,582 boe/d on average. In the six months to 30 June 2011, TAQA's North American properties produced 87,687 boe/d on average.

TAQA has extensive land holdings in North America with exploration and production rights. As of 30 June 2011, TAQA had approximately 1.28 million net producing acres with approximately a further 1.58 million net acres of non-producing land. TAQA's strategy is to realise the full potential of this land base through its exploration and development-drilling programmes. As part of that strategy, TAQA will continue to consider acquisitions of land holdings that complement its core operating areas, while disposing of land that is not core to its operations.

The following map sets out the approximate location of oil and gas producing properties in North America that are owned and/or operated by TAQA:



Europe

In Europe, TAQA's areas of exploration and production are the UK North Sea (offshore) as well as The Netherlands (onshore and offshore).

The UK North Sea properties have proven plus probable reserves of 107.1 mmboe, consisting of 105.4 mmbbls of oil and condensates, and 9.85 bcf of natural gas. In 2010, the average daily production from TAQA's UK North Sea properties was 37,329 boe/d. In the first half of 2011, TAQA's UK North Sea properties produced 41,227 boe/d on average.

The Netherlands' proven plus probable reserves are 14.6 mmboe, consisting of 71.8 bcf of natural gas and 2.6 mmbbls of oil and condensates. The average daily production from TAQA's Netherlands properties in 2010 was 8,716 boe/d. In the first half of 2011, TAQA's Netherlands oil and gas properties produced 8,448 boe/d on average.

Approximately 90 per cent of TAQA's UK North Sea production is crude oil, with the balance being natural gas. In The Netherlands, approximately 86 per cent of TAQA's production is natural gas, with the remainder being crude oil and condensates.

TAQA's licences in relation to its North Sea Assets have varying terms depending on the type of interest held. Typically, where TAQA is the operator of a field, it is responsible for a proportion (based on its equity share) of the abandonment and/or decommissioning costs in relation to platforms, pipelines, sites and wells.

Within the UK, TAQA is aiming to increase the number of assets where it is the operator, with the benefit of control over the operation and risk management of such assets and, as a consequence, to assume the related liabilities of such assets as primary duty holder. On 1 September 2009, TAQA became the duty holder of its installations in Tern, Eider, North Cormorant and Cormorant Alpha in its northern North Sea Assets, assuming this role from Wood Group Engineering (North Sea) Limited nine months after TAQA's acquisition of these assets. Wood Group Engineering (North Sea) Limited continues to be an operating and maintenance contractor for TAQA.

Overview of Midstream oil and gas storage, processing and transport

TAQA's midstream business consists of gas storage, and oil and gas processing and transport (pipeline interests) assets in Europe and North America, with Europe being the focus for TAQA's midstream business growth.

TAQA recognises the potential of gas storage as an important part of its midstream oil and gas business and intends to focus on two key growth projects: expanding the peak gas installation in Alkmaar ("**PGI Alkmaar**") and completing the development of the Bergermeer gas storage facility. Both facilities are located onshore in the Bergen licence area of The Netherlands, with PGI Alkmaar operational since 1996 and Bergermeer in the development phase. When completed, Bergermeer will significantly enhance TAQA's presence in the gas storage market in northwestern Europe (see "*The Netherlands midstream assets*" below for more details).

The commercial rationale behind the development of gas storage facilities is to facilitate third parties to take advantage of the seasonal natural gas price differential in Western Europe which results principally from the use of natural gas for heating, which leads to higher natural gas demand in the winter. Natural gas storage and/or trading companies seek to leverage the excess supply of natural gas in summer (at low prices) by storing such natural gas with a view to re-selling it in winter at higher prices. TAQA provides the capacity to inject, store and provide the natural gas to the market.

The Netherlands midstream assets

PGI Alkmaar is a peak shaving natural gas storage facility which is operated by TAQA. TAQA has a 36 per cent interest in the facility, with the remaining stakeholders being Energie Beheer Nederland B.V. ("**EBN**"), an entity controlled by the Dutch government and having a 40 per cent interest in the facility, as well as Dyas B.V. ("**Dyas**") and Petro-Canada Netherlands B.V. ("**Petro-Canada**"), each having a 12 per cent interest in the facility. PGI Alkmaar was the first peak shaver in The Netherlands designed and built specifically to provide a security of supply natural gas production (of stored natural gas) service, to meet peak demand in the west of The Netherlands during winter and meeting emergency natural gas supply requirements in the event of network interruptions. TAQA is currently evaluating a further expansion of the PGI Alkmaar storage facility.

All the working gas capacity in the PGI Alkmaar facility is owned by GasTerra, an international company which trades in natural gas. GasTerra operates on the European energy market and has a significant share of the Dutch gas market. The Dutch government has a 50 per cent stake in GasTerra directly and through EBN. TAQA has a long-term peak shaving contract with GasTerra that is due to expire in 2017.

The Bergermeer gas storage project is the conversion by TAQA and its partner, EBN, of the nearly depleted Bergermeer gas field into one of northwest Europe's largest underground gas storage facilities with a working volume of 4.1 bcm. Bergermeer is strategically located at a crossroads of gas export routes from Russia (such as Nordstream, which is controlled by Gazprom) and Norway to northwest Europe. The execution of this project is facilitated by using and expanding on TAQA's existing expertise gained from successfully constructing and operating PGI Alkmaar, as well as TAQA's drilling and reservoir management capabilities. Significant capital investment is required to build the facility (which includes a processing and compression plant), drill an additional 14 wells and construct pipelines which will connect the wells to the compression and processing facility and on to the gas distribution network.

A significant step in the development of Bergermeer was reached in August 2009 with the signing of an agreement between TAQA, EBN and Gazprom Export LLC (a subsidiary of Gazprom). Under this agreement, Gazprom Export agreed to deliver a defined amount of cushion gas for injection into the Bergermeer storage facility. In exchange, Gazprom Export LLC will become a strategic participating customer of the Bergermeer facility and Gazprom Marketing & Trading Limited (“GM&T”), a subsidiary of Gazprom, will receive a participating interest in the technical operation of the facility under a joint operating agreement between, among others, TAQA and GM&T. Cushion gas is critical to ensure that the reservoir has the optimal pressure in order to start commercial storage operations in the future.

Once completed, TAQA will be the operator of the Bergermeer facility which is expected to remain in service for 40 to 50 years. The Bergermeer gas storage facility is an open access natural gas storage facility – meaning that the majority of the storage capacity will be made available to the market via negotiated Third Party Access (TPA).

The project is at an advanced stage of its development phase with the technical design complete and injection of cushion gas having commenced. The final approvals and permits to construct and operate the Bergermeer gas storage facility were received from the Minister of Economic Affairs, Agriculture & Innovation, Minister of Infrastructure & Environment and other authorities on 19 May 2011. Several appeals to the issuance of these approvals and permits were filed, as well as requests for a suspension of certain site activities, and a hearing on the requests for a suspension was held before the President of the Legal Department of the Council of State on 26 July 2011. On 8 August 2011 the Council of State announced the suspension of site preparation activities for the Bergermeer gas storage facility until all appeals regarding the permits and approvals for the facility had been resolved. The final appeal decision of the Netherlands Council of State is expected early in 2012, and TAQA expects that the permits and approvals will be upheld.

As a result of the delay in starting site preparation activities, TAQA currently expects that the Bergermeer gas storage facility will start operations with partial capacity in April 2014 and full commercial operations in April 2015.

In 2009, TAQA acquired DSM Energie from Royal DSM N.V. In addition to interests in certain producing fields, the assets held by DSM Energie which were acquired by TAQA include non-operated interests in the pipeline company Noordgastransport B.V. and three other pipelines.

UK North Sea terminals and Brent System

TAQA has an interest in two non-operated terminal facilities in the UK comprising: (i) a 24 per cent interest in the Sullom Voe oil terminal (operated by BP Exploration Operating Company Limited); and (ii) a 9 per cent interest in the SAGE oil terminal (operated by Mobil North Sea Limited).

The Sullom Voe oil terminal is a 1,000 acre site which contains 16 storage tanks with nine million barrels of total capacity. It also connects to three oil pipelines flowing from the northern North Sea – the Brent system, Ninian and Clair – and to two gas pipelines. The site has a throughput design capacity of 1.4 mmbbls/d.

The SAGE oil terminal is currently capable of handling 20 per cent of the UK’s oil demand and has a throughput capacity of 1,890 mscf/d.

TAQA became the sole operator of the Brent system, a partnership between the companies which own an interest in the Brent distribution system, on 1 August 2009. The Brent system, in which TAQA has a 16 per cent interest, is responsible for transporting around 100,000 bbls/d of oil from 20 North Sea fields, accounting for almost 37 per cent of the Sullom Voe terminal input and around 8 per cent of UK offshore oil production.

North America – East Cantuar Gas Storage Facility and Alliance Pipeline

TAQA's 50 per cent interest in the East Cantuar gas storage facility in Canada and its position on the Alliance pipeline system are legacy interests following its acquisitions of Northrock and Pioneer Canada, respectively.

The East Cantuar facility is operated by Husky Oil, which holds the remaining 50 per cent interest in the facility. The storage reservoir is a 7 bcf gas cap on top of two mature oil units. Gas is concurrently purchased for injection and sold for delivery at a future date such that the difference between the purchase and sale price is captured at the time of injection with income recognised when gas is delivered to sale.

TAQA has a transportation obligation to ship 75 mmcf/d of gas on the Alliance pipeline system until 2015. TAQA North produces approximately 60 mmcf/d of proprietary gas that is connected to the Alliance pipeline system and provides gas for the remainder of its transportation obligation by purchasing it on the daily spot market. TAQA North proceeds to sell the gas it transports under its transportation obligation in the Chicago market, which is the end delivery point for the Alliance pipeline.

Power and Water

TAQA's *Power and Water* business includes the ownership, development, acquisition and/or operation of electricity generation and water desalination facilities in the Middle East, North and Sub-Sahara Africa and India.

Domestically, TAQA has equity interests in eight special purpose entities in the Emirates of Abu Dhabi and Fujairah, which provide more than 95 per cent of the water and electricity requirements of the Emirate of Abu Dhabi in addition to varying levels of power and water supply to the other Emirates. Each special purpose company is partially owned by various leading international energy companies. As of 30 June 2011, TAQA's domestic UAE power and water facilities had 12,494MW (6,747MW net interest) of gross power generation capacity and 884MIGD (477MIGD net interest) of gross water desalination capacity.

TAQA also undertakes power generation activities through its subsidiaries in Morocco, India and Ghana. TAQA also owns a 25 per cent equity interest in a power generation company in Saudi Arabia and an interest in a tolling agreement in relation to a power generation facility in the United States. As at 30 June 2011, these entities on a combined basis had approximately 2,881MW of gross power generation capacity (2,544MW net interest).

Contractual nature of Power and Water business

All of the electricity generation and/or water desalination facilities in which TAQA has an equity interest sell electricity and/or desalinated water to their customers under long-term contracted price take-or-pay agreements known as power purchase agreements (commonly referred to as PPAs ("PPAs")) or, in the case of the UAE domestic projects, power and water purchase agreements or PWPAs ("PWPAs").

The long-term, take-or-pay price nature of PPAs and PWPAs provides for assured cash flows and income allowing for limited-recourse financing to be used for the development of such assets. There are generally two components of TAQA's PPAs and PWPAs in respect of the contract price, which is commonly referred to as the tariff: (i) a "capacity charge" based on the generation and/or desalination capacity of the facility, which is structured to allow the owner of the facility to recover all of the facility's fixed costs and a minimum return on equity; and (ii) an "energy charge" which covers the project company's variable costs, such as certain maintenance costs.

Fuel supply for such facilities is generally provided for under fuel supply agreements ("FSAs") or provided by the offtaker under the PPA or PWPA. Fuel costs under the FSAs are included as part of

the variable portion of the tariff such that the project company minimizes its exposure to changes in fuel costs.

Similarly, operations and maintenance costs and financing costs for the entire life of the PPA or PWPA are factored into the tariff under the PPA or PWPA.

In addition to this, PPAs, PWPAs and related agreements provide for protection against certain risks that the project company might be exposed to. For example, TAQA's Neyveli facility in India is protected against US Dollar – Indian Rupee exchange rate risk through a tariff that is tied to US Dollars.

Therefore, TAQA's *Power and Water* business is generally a long-term contracted business with assured cash flows and earnings.

Domestic UAE Power and Water Assets

TAQA has a 54 per cent interest in each of its eight domestic UAE electricity generation and water desalination plants, with ADWEA having a 6 per cent interest in each such plant. The remaining 40 per cent interest in each of these facilities is held by various international partners.

The plants (or the project companies that own the plants) sell their electricity and water production (or electricity generation and water desalination capacity) under PWPAs with ADWEC, under which their compensation is based primarily on the availability of generation and desalination capacity rather than the amount of electricity and desalinated water produced.

Each of these plants is managed, operated and maintained by international partners under long-term operations and maintenance agreements.

Each facility has been financed with limited recourse project finance facilities, which contain certain covenant packages, including prohibitions on payments of dividends in certain circumstances.

The following table sets out the key aspects of TAQA's domestic UAE power and water facilities.

Facility	TAQA's Interest	Partners	Gross Power Capacity	Net Interest Power Capacity	Gross Desal Capacity	Net Interest Desal Capacity	Scheduled PWPA Termination	Ownership Type
	(%)		(MW)	(MW)	(MIGD)	(MIGD)		
Taweelah A2	54	ADWEA (6%) Marubeni Corp. (34%) JGC Corp. (6%)	777	420	50	27	2018	BOO
Taweelah A1	54	ADWEA (6%) GDF Suez (20%) TOTAL (20%)	1,600	864	85	46	2020	BOO
Taweelah B	54	ADWEA (6%) BTU Power Company (10%) Marubeni Corporation (14%) Powertek	2,000	1,080	160	86	2025	BOO

Facility	TAQA's Interest	Partners	Gross Power Capacity	Net Interest Power Capacity	Gross Desal Capacity	Net Interest Desal Capacity	Scheduled PWPA Termination	Ownership Type
	(%)		(MW)	(MW)	(MIGD)	(MIGD)		
		Berhad (10%) JGC Corporation (6%)						
Shuweihat S1	54	ADWEA (6%) International Power (20%) Sumitomo Corp. (20%)	1,500	810	100	54	2021	BOO
Shuweihat S2 ⁽¹⁾	54	ADWEA (6%) GDF Suez (20%) Marubeni Corporation (20%)	1,500	810	100	54	2028	BOO
Umm al Nar.....	54	ADWEA (6%) International Power (20%) Mitsui & Co., Ltd. (6%) Tokyo Electric Power Co. (14%)	2,256	1,218	160	86	2023	BOO
Fujairah 1	54	ADWEA (6%) SembCorp Utilities (40%)	861	465	100	54	2026	BOO
Fujairah 2	54	ADWEA (6%) International Power (20%) Marubeni Corp. (20%)	2,000	1,080	130	70	2027	BOO

Note:

(1) Under construction.

All of TAQA's domestic UAE electricity and water facilities use natural gas as their primary fuel, with natural gas supplied by ADWEC on a "pass-through" pricing basis under the relevant PWPA. Each plant must procure its own back-up fuel, in the form of fuel-oil purchased from Abu Dhabi National Oil Company ("ADNOC"), and in that regard is required to maintain a 7 day fuel oil storage capacity (with the exception of two plants that must maintain larger storage capacities). Back-up fuel oil costs are also "pass-through" to ADWEC under the relevant PWPA for each domestic UAE electricity and water facility.

ADWEC determines the fuel usage for each of the domestic facilities. During periods of low natural gas availability, a plant may be required to use back-up fuel-oil for its operations. Such

usage is permissible over extended periods, but extensive use over a long period may lead to higher maintenance costs and increased maintenance requirements.

In the past, shortages of natural gas have resulted in the domestic plants operating on back-up fuel for extended periods. These plants rely on ADNOC to make deliveries of back-up fuel, which can become an acute requirement during a period of extended fuel-oil operations. However, ADNOC has occasionally struggled to meet such delivery requirements on a timely basis to ensure continuous extended fuel-oil operations.

The Dolphin pipeline, operated by Dolphin Energy Limited, commenced operations in May 2007 and reached full capacity in early 2008. When operating at full capacity, the pipeline carries around 2 bscf/d of natural gas from Qatar to the UAE. ADWEA is the principal UAE customer for the gas transported through the Dolphin pipeline and, as a result, problems related to gas shortages experienced by the UAE generation subsidiaries have been reduced significantly since the pipeline became fully operational.

International Power and Water Assets

TAQA owns interests in power generation facilities in Morocco, India, Ghana and Saudi Arabia. TAQA also owns an interest in a tolling agreement in relation to a power generation facility located in the State of New Jersey in the United States.

The following table sets out the key aspects of TAQA's international power and water facilities.

Facility	Location	TAQA's Interest	Partners	Gross Power Capacity	Net Power Capacity	Fuel	Offtaker	Scheduled PPA Termination	Ownership Type
		(%)		(MW)	(MW)				
Jorf Lasfar	Morocco	100	—	1,356	1,257	Coal	ONE	2027	BOOT
Neyveli	India	99.99	— ⁽¹⁾	250	250	Lignite	TANGEDCO	2023	BOOT
Takoradi	Ghana	90	VRA	220	198	Fuel Oil	VRA	2025	BOO
Jubail	Saudi Arabia	25	NPC	250 ⁽²⁾	63	Natural Gas	SADAF	2025	BOOT
TAQA Gen-X....	United States	85	Morgan Stanley	832	707	Natural Gas	N/A	2022	

Notes:

(1) A nominal number of shares are held by the original third party developer of the project.

(2) And 510 tons of steam per hour (see “Jubail – Saudi Arabia” below).

Jorf Lasfar – Morocco

The Jorf Lasfar power plant is a coal-fired plant comprised of two 331MW generation units (units 1 and 2) and two 334MW generation units (units 3 and 4) located on the Atlantic Coast of Morocco. The Jorf Lasfar plant is a major power supplier in the Moroccan market satisfying over half of the country's base-load electricity demand. The Jorf Lasfar facility is owned, operated and maintained by TAQA. Units 1 and 2 commenced commercial operations on 1 July 1994 and 2 December 1994, respectively. Units 3 and 4 commenced commercial operations on 3 June 2000 and 4 February 2001, respectively.

Under the Jorf Lasfar PPA, all power generation capacity and power generation is sold to ONE, Morocco's state-owned off-taker. Coal for the plant is imported from a variety of countries, including Colombia, Indonesia, Poland, Russia, South Africa and the United States. The plant has coal

handling facilities that manage logistics for the landing of approximately 2,500 tonnes of coal per day received by ship to a neighbouring, purpose-built port. The plant maintains sufficient coal reserves to operate all four units for approximately 40 days without receiving any further shipments of coal. Fuel costs are “pass-through” to ONE as part of the tariff under the Jorf Lasfar PPA.

In April 2011, Jorf Lasfar Energy Company 5&6 SA, an indirect wholly-owned subsidiary of TAQA, signed agreements with ONE, including a 30-year PPA, in relation to the development of two additional 350MW units at the site of the Jorf Lasfar plant (units 5 and 6). This expansion is intended to increase the facility’s gross generation capacity from 1,356MW to 2,054MW. TAQA expects to have the new units in commercial operation in the first half of 2014. A consortium of Mitsui & Co., Ltd. and Daewoo Engineering & Construction Co. Ltd. was selected as the engineering, procurement and construction contractor for the Jorf Lasfar expansion.

Morocco has been identified as one of the key markets in which TAQA would like to grow its energy business. Recently, TAQA pre-qualified for a solar power project and formed a consortium with a pre-qualified party for a wind power project in Morocco and is working with its partners to submit formal bids in response to the tenders for the projects. In addition, new legislation in Morocco allows large power consumers such as TAQA’s Jorf Lasfar plant to offset its internal energy consumption by developing or purchasing additional renewable energy production capacity. TAQA is considering options to take advantage of the benefits of this legislation.

Neyveli – India

SCECPL, a wholly-owned indirect subsidiary of TAQA, was established in November 1993, to develop, own and operate a 250MW lignite-fired power plant near an open-cast lignite mine located in Neyveli, Tamil Nadu, India. The facility was developed and constructed by SCECPL and commenced full commercial operations on 15 December 2002. SCECPL sells the entire capacity of the Neyveli plant to TANGEDCO, the local state government owned utility, under a 30-year PPA, which was entered into on 4 November 1993. SCECPL is also responsible for the operation and maintenance of the plant and related facilities.

Fuel (lignite) is supplied by Neyveli Lignite Corporation (“NLC”) under a 30-year fuel supply agreement, with the cost being “pass-through” to TANGEDCO as part of the tariff. The power generation facility has a lignite storage capacity of 75,000 metric tonnes with an average lignite stock on hand of 30,000 metric tonnes. In addition, NLC maintains a stock of at least 50,000 metric tonnes at the mine.

As part of its organic growth strategy, TAQA has commenced some preliminary studies with a view to possible expansion of the Neyveli plant to 500MW.

Takoradi – Ghana

TAQA operates a 220MW simple-cycle tri-fuel compatible (natural gas, fuel-oil or distillate/light crude) power plant located 220km west of Accra, Ghana. TAQA has a 90 per cent ownership interest in Takoradi, with the remaining 10 per cent owned by the Volta River Authority (“VRA”). All power produced from the Takoradi facility is sold under a 25-year PPA with the VRA, which was entered into on 1 March 1999. The facility commenced commercial operations in 2000. Fuel for the plant is supplied by VRA, with these costs being “pass-through” to VRA as part of the tariff.

Proposals are being considered, subject to obtaining financing on satisfactory terms, to convert the facility from simple-cycle to combined-cycle generation facility, which would increase net generating capacity from 220MW to approximately 330MW. The PPA will be expanded to cover the additional power generation capacity if the proposed expansion is effected.

Jubail – Saudi Arabia

TAQA has a 25 per cent interest in the Jubail power plant in Saudi Arabia. National Power Company (“NPC”), a joint venture established by Al-Zamil & Brothers Co. and Elseif Co., holds the remaining

75 per cent interest in the plant. TAQA also provides technical and maintenance support to the plant pursuant to two technical services agreements. The Jubail power plant commenced commercial operations on 23 June 2005. The Jubail plant is a co-generation facility which has a net generation capacity of 250MW and net steam production of 510 tons per hour. The facility is located within the Saudi Arabia Petrochemical Company (“**SADAF**”) complex in Jubail. The facility operates under a 20-year energy conversion agreement with SADAF, pursuant to which SADAF provides gas and water to the facility and receives electricity and steam in return.

TAQA Gen-X – United States

TAQA owns 85 per cent of TAQA Gen-X LP (“**TAQA Gen-X**”) as a limited partner, with an affiliate of Morgan Stanley owning the remaining 15 per cent as the sole general partner. TAQA Gen-X, through its wholly-owned subsidiary, TAQA Gen-X LLC, owns the tolling agreement for the Red Oak power generation facility in Sayreville, New Jersey. Therefore, TAQA has a contractual interest only, through the tolling agreement, in the Red Oak plant. The tolling agreement expires in 2022. The Red Oak facility is a combined cycle power generation facility of approximately 832MW owned and operated by AES Red Oak LLC. Pursuant to the Red Oak Tolling Agreement, TAQA Gen-X is entitled to the economic rights (revenue from sale of electricity, capacity payments and any other ancillary services) of the power generation facility. TAQA Gen-X is required to supply the fuel and make certain fixed and variable payments to the operator; in this respect, gas is currently procured through gas supply/transport agreements with PSEG.

Strategic Investments

Sohar Aluminium - Oman

TAQA owns 40 per cent of Sohar Aluminium Company LLC, a company organized in Oman. Sohar Aluminium owns and operates an aluminium smelter in Oman that currently produces approximately 360,000 tonnes of aluminium per year. Sohar Aluminium also owns and operates a 1,000 MW power generation facility with 75 per cent of the output from the facility dedicated to the smelter and the remaining capacity held in reserve and subject to despatch by the operator of the Omani electrical distribution grid. Sohar Aluminium is currently reviewing the possible expansion of the smelter facility, although no commitments have been made.

Tesla Motors

TAQA indirectly owns approximately 7 per cent of common shares Tesla Motors Inc., a Delaware company founded in 2003. Tesla Motors has its principal place of business in the United States and is involved in the development, production, and sale of electric motor vehicles. Tesla Motors is a public company whose shares are traded on the NASDAQ exchange under TSLA.

Takaful Wataniya

TAQA holds an approximately 7 per cent equity interest in National Takaful Company (Wataniya), a UAE company that was recently formed for the purpose of providing Shariah compliant insurance products.

Al Wathba

TAQA holds a 49 per cent ownership interest in Al Wathba Company for Central Services PJSC. The remaining 51 per cent ownership interest and management are with Abu Dhabi Investment Company. Al Wathba is engaged in providing support services such as vehicle leasing and maintenance, heating and air conditioning, and equipment leasing to electricity generation and water desalination plants and other businesses in the UAE.

Jubail – Saudi Arabia

See “Principal Information Regarding TAQA – Business – Business Segments – Power and Water -- International Power and Water Assets -- Jubail - Saudi Arabia” above in this Section 6.0.

Noord Gas Transport

TAQA holds a 40% non-operated interest in Noordgastransport BV, the operator of the North Gas Transport (“NGT”) pipeline. NGT is a major natural gas transmission pipeline system in the Dutch North Sea. The pipeline transports gas produced offshore through a system of pipelines from gas fields in the North Sea to a processing plant in Uithuizen in the north of the Netherlands.

Health and Safety Regulations and Compliance

Ensuring the health, safety and security of our employees and environmental compliance are operational priorities for TAQA. TAQA has dedicated health safety security environment (“**HSSE**”) personnel, both at its headquarters in Abu Dhabi and throughout its operating businesses. Some of the specific elements of TAQA’s commitment to HSSE include:

- Ensuring compliance with all applicable HSSE related laws and regulations through specific HSSE policies, procedures and guidelines, including those tailored for specific business units.
- Where appropriate, adoption of, and compliance with, international and industry standards and best practices.
- Building and enhancing an HSSE compliance culture where all TAQA personnel from managers to workers are committed to, and accountable for, compliance with TAQA’s HSSE policies and procedures.
- Empowering employees to identify, investigate and resolve underlying causes of HSSE incidents and near misses.
- Providing sufficient resources, training, equipment and controls to ensure a safe and secure working environment.
- Seeking opportunities to mitigate TAQA’s impact on the environments in which it operates, including energy and resources conservation in its operations.
- Ensuring the security of TAQA’s assets, business activities, employees and other stakeholders.
- Ongoing review and assessment of HSSE performance (compliance) through regular evaluation, assessment and reporting.
- Communicating openly with all stakeholders regarding TAQA’s HSSE performance.

Working safely and protecting the environment are shared responsibilities. TAQA is committed to meeting its responsibility for the health, safety and security of its employees and protection of environment through not only highest standard operational procedures but also a corporate culture that values this commitment.

Insurance

TAQA maintains insurance coverage in respect of each of its subsidiaries. In the case of TAQA’s UAE generation assets, each subsidiary has arranged for insurance coverage in accordance with the terms of the finance documents for the relevant project. The PWPA and financing agreements for each UAE generation subsidiary and the PPA, prudent operations and financing agreements for each non-UAE generation subsidiary require insurance such as third-party liability, physical damage and business interruption insurance.

TAQA's policy is to arrange such other insurance from time to time in respect of its other operations, as required and in accordance with international energy industry practice and standards.

TAQA makes claims under its insurance policies from time to time. Certain insurance claims are currently outstanding, but none of such claims are likely to have significant effects on the financial position or profitability of TAQA.

Emiratisation

While TAQA meets current requirements with respect to the employment of UAE nationals in its headquarters office, TAQA is committed to continuing to increase the number of UAE nationals working in TAQA's headquarters as well as its global assets. As such, training and recruitment of UAE nationals is one of TAQA's major objectives, and it supports a number of efforts to develop and train its UAE staff.

In respect of the UAE generation subsidiaries, each PWPA includes provisions for the training of UAE nationals by the relevant subsidiary to ensure that certain minimum percentages of UAE nationals employed by each subsidiary are met throughout the term of such PWPA. Each UAE generation subsidiary must increase the percentage of UAE nationals comprising its workforce by at least 15 per cent every five years to reach a targeted level of at least 60 per cent. TAQA's UAE generation subsidiaries endeavour to comply in all material respects with targets for Emirati employees. However, UAE nationals with the requisite skills and experience are in short supply and high demand, and TAQA and the UAE generation subsidiaries' success in attracting UAE nationals to work at its more remote sites has been limited to date.

Employees and Pensions

As of 31 August 2011, TAQA had approximately 114 full-time employees and 17 contract workers in the Emirate of Abu Dhabi and, together with its subsidiaries, in excess of 1700 full-time employees and in excess of 380 contract workers worldwide.

TAQA undertakes initiatives to motivate employees to contribute to its success through bonus programmes. Employees of TAQA are eligible to receive an annual bonus, which is calculated as a percentage of their base salary, based on the achievement of their annual performance targets, TAQA's performance and their team's performance.

In accordance with the laws of the UAE, TAQA provides end of service benefits to non-UAE national employees. Under UAE law, the entitlement to these benefits is based upon the employee's length of service and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

MANAGEMENT

Directors

As at 30 September 2011, the members of the Board of Directors were as follows:

Name	Position
Hamad Al-Hurr Al-Suwaidi.....	Chairman
Abdulla Saif Ali Slayem Al Nuaimi	Vice-Chairman
Carl Robert Sheldon	Director
Saeed Mubarak Rashed Saeed Al Hajeri	Director
Salem Sultan Obaid Sultan Al Dhaheri	Director
Abdul Aziz Abdul Rahman Mubarak Al Hemaidi.....	Director
Ahmed Mohamed Matar M. Al Meheiri.....	Director

The above directors were elected in April 2011 for a term of three years.

Hamad Al-Hurr Al-Suwaidi serves as Chairman of the Board of Directors and was appointed in 2005. He has also been a member of the Executive Council of the Emirate of Abu Dhabi since 2004 and is Chairman of the Department of Finance. His Excellency's strategic vision and foresight has played an effective role in involving the private sector within the Emirate's economic growth and activating the public-private partnership. This was achieved through his involvement in the board of several high-profile companies including but not limited to: The Supreme Petroleum Council, Mubadala, Etisalat, and the International Petroleum Investments Company. His Excellency is also the Chairman of the Financial Support Fund for Farm Owners in the Emirate of Abu Dhabi.

Abdulla Saif Ali Slayem Al Nuaimi serves as Vice-Chairman of the Board of Directors and was originally appointed to the Board of Directors in 2005. He is also Director General and Director of the Privatisation Directorate of ADWEA and serves on the boards of a number of its subsidiaries. Prior to joining TAQA, he held the positions of Chairman of Al Wathba Central Services Company, Deputy Chairman of Al Ain Distribution Company (AADC), Deputy Managing Director of ADWEC, and Director of Abu Dhabi Sewerage Services Company (ADSSC), Director of Oman Insurance Company (OIC) and Senior Analyst at the Abu Dhabi Investment Authority (ADIA). He holds a B.Sc in Management.

Carl Robert Sheldon has been TAQA's General Manager since 2009 and was appointed to the Board of Directors in 2011. Previously, Mr. Sheldon was TAQA's General Counsel and Deputy General Manager. Prior to joining TAQA, he was a Partner with Allen & Overy LLP where his main focus was the energy sector. During more than 20 years of practice he has been involved in many major international oil, gas and power projects. At Allen & Overy he was also instrumental in building the firm's German and US operations. Mr. Sheldon is a qualified lawyer admitted to practice in New York and in England. He is a US national and holds a masters degree from Cambridge University.

Saeed Mubarak Rashed Saeed Al Hajeri was appointed to the Board of Directors in 2011. He holds a BBA from Lewis and Clark College, U.S.A., a Chartered Financial Analyst (CFA) designation and attended the Executive Education Programme of Harvard Business School, U.S.A. He has over 15 years experience in international finance. He was distinguished and elected by the World Economic Forum in 2007 as one of the top 250 Young Global Leaders for his contribution to the Public and Financial Sectors in the UAE. He is currently the Executive Director, Information Technology Department in Abu Dhabi.

Investment Authority (“**ADIA**”). In addition, Mr. Al-Hajeri is a governor of the board of CFA Institute and a member of the Executive Advisory Boards of MSCI Barra and Zayed University. Mr. Al Hajeri also serves on the boards of various other Abu Dhabi/UAE government entities, including Abu Dhabi Media Company and Abu Dhabi Tourism Development and Investment Company.

Salem Sultan Obaid Sultan Al Dhaheiri was appointed to the Board of Directors in 2011. He is currently Deputy Director at ADIA, having held various positions since joining in 1993. A Certified Public Accountant (CPA), Mr Al Dhaheiri graduated with a Bachelor of Science in Accounting from Metropolitan State College in Denver, USA. In addition to Mr. Al Dhaheiri’s position at ADIA, he is a member of several Government department Audit Committees and several public and private companies’ Audit Committees. Mr. Al Dhaheiri is also currently a member of the Illinois CPA Society and the American Institute of Certified Public Accountants.

Abdul Aziz Abdul Rahman Mubarak Al Hemaidi was appointed to the Board of Directors in 2011. He is a Civil Engineering graduate from UAE University, who joined ADWEA in 1997. Since then he has held a number of key positions and is currently Abu Dhabi Distribution Company’s Managing Director. Prior to joining ADWEA, Mr Al Hemaidi held positions at Abu Dhabi Health Services Company, Al Ain International Airport and the Privatisation Committee for Water and Electricity Sector of the Emirate of Abu Dhabi.

Ahmed Mohamed Matar M. Al Meheiri was appointed to the Board of Directors in 2011. He is currently the Legal Division Manager at ADWEA. Prior to this, Mr Al Meheiri was a Legal Expert (Privatisation Directorate) at ADWEA between 2004 and 2009 and Legal Advisor to the Department of Under Secretary Office at the Ministry of Interior. Mr Al Meheiri has an LLB from Abu Dhabi Police Academy and an LLM (Master in US legal studies) from Case Western Reserve University in Ohio, USA.

The business address of the directors is P.O. Box 55224, Abu Dhabi, United Arab Emirates.

The members of the Board of Directors are appointed by the general meeting of the shareholders of the company. TAQA is not aware of any conflicts of interest between the duties to TAQA of each member of the Board of Directors and his private interests or other duties.

The total remuneration paid to the Directors for the year ended 31 December 2010 amounted to AED 800,000 per Director, which amount was recommended and approved at, and paid following, the annual general meeting in April of 2011.

Senior Management

The Board of Directors has delegated the day-to-day management of TAQA to executive officers appointed by the Board of Directors. As at 30 September 2011, the members of TAQA’s executive management were as follows:

Name	Position	Date of Appointment
Carl Sheldon.....	General Manager	15 October 2009
Stephen Kersley.....	Chief Financial Officer	22 May 2011
Steven Phillips.....	General Counsel	1 January 2011
David Cook	Global Head of Oil and Gas	25 October 2010
Frank Perez.....	Global Head of Power and Water	1 April 2010

Carl Sheldon has been TAQA's General Manager since 2009. (see "*Management – Directors*" above for additional details.)

Stephen Kersley joined TAQA as Chief Financial Officer in May 2011. Stephen joined TAQA following 23 years of experience in corporate finance, strategic planning and management with Royal Dutch Shell based in the United Kingdom, the Netherlands, China, Syria and Indonesia. Most recently, he worked as Vice President of Finance for Shell's Global Lubricants business based in the United Kingdom. Stephen holds a LLB from Birmingham University and is a Chartered Accountant.

Steven Phillips is TAQA's General Counsel. Before taking this position, he was the Group Vice-President and General Counsel, Power for TAQA New World, Inc. Mr. Phillips previously worked for CMS Enterprises Company in Asia and North America from May 1996 until the acquisition by TAQA of a significant portion of CMS Enterprises' international power generation assets in 2007. His principal role at CMS Enterprises Company was the acquisition, development, financing and disposition of energy infrastructure companies and assets across North America, Asia, Australia, Africa and the Middle East. Mr. Phillips also worked for Morrison and Foerster LLP, from 1981 to 1996. Mr. Phillips is a US national and earned his J.D. from the University of California, Hastings College of the Law.

David Cook is Global Head of *Oil and Gas* having joined TAQA in October 2010 following more than 20 years experience in the upstream and midstream businesses at Amoco, BP, and TNK-BP. Prior to joining TAQA, Mr. Cook was Vice-President for BP Russia, responsible for BP's non-TNK-BP exploration and development activities in Russia. He has held a variety of global technical, commercial and managerial positions based from the US, UK, and Russia, as well as board of directors roles. He holds a BSc in Geophysics and a PhD in Geological Sciences from Michigan State University. David is a US national.

Frank Perez is Global Head of *Power and Water*. Mr Perez joined TAQA in July 2009. He has over 25 years experience in the power and utility sector. Prior to joining TAQA, he was General Manager of PSEG Americas Latin America Electric and Gas Utilities portfolio, Chief Political and Regulatory Officer for PS E.G. Global, CEO and President of a subsidiary of DPL Inc. (the parent company of Dayton Power & Light) and Corporate Officer of DPL Inc. Mr. Perez has also worked for ABB's power business. He is a founding partner of a global energy investment advisory firm and was previously a board member of several international electric and gas utility and power companies. He holds a BSc in Civil Engineering from Tulane University. Mr. Perez is an US national.

Corporate Governance

TAQA has a corporate governance framework based on international best practices.

TAQA's Code of Business Ethics Manual ("**Ethics Manual**") describes and reinforces conduct that is based on its guiding core values, consistent with TAQA's policies and practices and essential for its legal and regulatory compliance obligations.

Committees

Audit Committee

As at 30 September 2011, the audit committee comprised the following members:

Name	Position	Date Appointed
Salem Sultan Al Dhaheri	Chairman	19 April 2011

Name	Position	Date Appointed
Ahmed Mohamed Al Meheiri.....	Member	19 April 2011
Abdul Aziz Al Hemaidei	Member	19 April 2011

All members are appointed for a period of three years.

The Board of Directors establishes the duties, responsibilities, procedures and meeting schedule for the audit committee. The responsibilities of the audit committee include:

- establishing guidelines and procedures to co-ordinate the programme of auditing TAQA's operating and financial activities in order to safeguard its assets and to protect its shareholders' interests;
- monitoring the effectiveness of the Group's risk based internal control system, making such recommendations as the audit committee considers desirable and reviewing the statements to be included in the annual reports concerning risk management and internal control;
- ensuring that TAQA's activities conform to applicable laws and regulations, decisions of the Board of Directors, duties, responsibilities and authorities vested in management and employees, if any, and its constitutional documents; and
- reviewing and assessing the internal audit function's remit, the appropriateness of internal audit strategies and the annual internal audit plan.

The audit committee's responsibilities include policies and processes covering organisational initiatives (including financial, procurement and administrative policies), financial reporting processes and outputs, internal control and risk management and internal audit processes and outputs.

Remuneration Committee

As at 30 September 2011, the remuneration committee comprised the following members:

Name	Position	Date Appointed
Saeed Mubarak Al Hajeri	Chairman	19 April 2011
Ahmed Mohamed Al Meheiri.....	Member	19 April 2011
Abdul Aziz Al Hemaidei	Member	19 April 2011

The remuneration committee has responsibility for making recommendations to the Board of Directors regarding TAQA's policy on the remuneration of certain senior executives and key managerial personnel, including performance bonuses and other benefits. In addition to making recommendations on remuneration and benefits packages, the remuneration committee is responsible for establishing the qualifications of Board of Directors members.

REGULATION

The following sets out a summary of the principal regulatory frameworks to which TAQA and its operating subsidiaries, but not its minority investment interests, are subject.

(a) UAE Generation Subsidiaries

(i) *The Environment*

The Emirate of Abu Dhabi's Environmental Agency is the governmental body charged with introducing and monitoring environmental standards with respect to, among other things, water and air quality, water treatment and disposal. TAQA's UAE subsidiaries are further governed through a set of environmental standards applied to international project financing through their respective financing arrangements, including, in some cases, the Equator Principles which have been adopted by certain leading international financing institutions.

As part of the land leases between ADWEA and each UAE generation subsidiary, the UAE generation subsidiaries have a legal obligation to remove the power generation and water desalination plants at the end of the plants' useful lives, or before if the UAE generation subsidiary becomes unable to continue its operations to that date, and to restore the land. The UAE generation subsidiary must at its sole cost and expense dismantle, demobilise, safeguard and transport the assets, eliminate soil and ground water contamination, fill all excavations and return the surface to the grade of the designated area.

(ii) *Regulation of the Water and Electricity Sector in the Emirate of Abu Dhabi*

Law No. (2) of 1998, concerning the Regulation of the Water and Electricity Sector in the Emirate of Abu Dhabi, as amended ("**Law No. 2**"), set up the Regulation and Supervision Bureau (the "**Bureau**") to undertake the licensing, regulation and supervision of all companies which carry on any production, transmission, storage, desalination, provision, distribution or supply of water and electricity in the Emirate of Abu Dhabi. In addition, the Bureau also regulates the wastewater sector which is responsible for ensuring the safe collection, treatment and disposal of wastewater products. Law No. 2 sets out the rules that apply to the water and power industries in the Emirate of Abu Dhabi and also provides for the introduction of a licensing framework and the restructuring and future privatisation of the water and power industries.

Law No. 2 authorises the Bureau to review plans pertaining to the provision of water and power in the Emirate of Abu Dhabi, to issue licences relating to the operations that are the subject of the plans, and to supervise such plans and control their implementation in accordance with the provisions of Law No. 2. The duties of the Bureau include consumer protection as to the tariff and water and electricity supply terms and conditions.

Each of TAQA's UAE generation subsidiaries has applied for, and been granted, licences by the Bureau.

(b) International Generation Subsidiaries

(i) *Jorf Lasfar*

Environment

The Moroccan Ministry of the Environment is responsible for introducing and monitoring environmental standards in respect of, inter alia, air quality, wastewater treatment and ash disposal.

The plant is required to maintain a number of permits and consents throughout the life of the PPA including certain construction permits, aerial beaconing permits and other operation permits. These permits and consents are issued and governed by a number of governmental bodies including the Ministry of Transportation and the Ministry of Public Works.

In addition, the operating units at the facility have been designed and upgraded to ensure compliance with certain World Bank guidelines for particulate emissions, sulphur dioxide emissions, and air quality limits. To ensure ongoing compliance, the operator, TAQA North Africa, has developed an environmental management system to ensure that the units operate in accordance with applicable environmental standards.

Regulation of the Electricity Sector in Morocco

The ONE is the body with primary responsibility for regulating the electricity sector in Morocco. It is an industrial and commercial body, established by decree-law No. 1-63-226 of 5 August 1963, pursuant to which it is responsible for:

- regulating electricity generation, transmission and distribution;
- providing electricity distribution services in the event that the state-run companies or concessions fail to provide such services directly; and
- exclusively authorising the installation of power generation plants with capacity in excess of 10 MW.

ONE's rights and obligations are set out in specifications approved by decree-law No. 2-73-533 of 29 November 1973, which sets out the technical, administrative and financial conditions for the operation of electricity generation, transmission and distribution companies.

Pursuant to decree-law No. 2-94-503 of 23 September 1994, ONE has the authority to put out to commercial tender opportunities for the development of power plants with capacity in excess of 10 MW, and to enter into commercial agreements with private companies for the construction thereof, provided that the power generated from such plants is sold exclusively to ONE.

ONE's primary objective is to meet the country's demand for electricity on the best terms and conditions in respect of cost and quality of service and to develop any industrial or service activities that are designed to further that objective.

(ii) *Neyveli*

Environment

The Neyveli power plant is subject to Indian environmental standards and is required to maintain a number of permits and consents to operate the plant. These permits and consents are issued and governed by a number of governmental bodies in India.

Regulation of the Electricity Sector in India

The power sector in India is presently governed by the Indian Electricity Act 2003 (“**2003 Act**”). The Neyveli Plant was set up under a different statutory regime which was governed by the Electricity (Supply) Act, 1948. Under the 2003 Act, in the state of Tamil Nadu where the Neyveli plant is situated, the electricity sector is regulated by the Tamil Nadu Electricity Regulatory Commission (“**TNERC**”) to the extent applicable. The issue whether the TNERC has any power to regulate tariffs in respect of pre 2003 Act PPAs is presently pending in the relevant Indian Courts. Generally, the main functions of the TNERC are to determine the tariff for electricity, wholesale, bulk, grid or retail; to determine the tariff payable for use by the transmission facilities; to regulate power purchase and procurement process of transmission utilities and distribution utilities under PPAs and to promote competition, efficiency and economy in the activities of the electricity industry. The electricity generated at the Neyveli plant is sold to the Tamil Nadu Generation and Distribution Corporation Limited (“**TANGEDCO**”) at a price and in accordance with the terms of a pre 2003 Act PPA between SCECPL and Tamil Nadu Generation and Distribution Corporation Limited dated 20 November 1996 (the “**1996 PPA**”). TANGEDCO is the successor in interest of TNEB with respect to the 1996 PPA and hence the 1996 PPA is now binding on TANGEDCO.

TANGEDCO is owned by the state government and is responsible for generation, purchase, transmission and distribution of electricity in the state of Tamil Nadu. TANGEDCO has its own generating units and also purchases electricity from other government and private sector owned power plants under short-term and long-term agreements. TANGEDCO is regulated by TNERC for generation, purchase, transmission and distribution of electricity in the state. This does not affect the agreements entered into in the pre 2003 Act regime. In recognition thereof, the TNERC Regulations recognise that the tariff of existing PPAs would be as provided in them.

(iii) Takoradi

Environment

The Ghanaian Environmental Protection Agency (the “**EPA**”) is responsible for introducing and monitoring environmental standards.

The plant is required to maintain a number of permits and consents throughout the life of the PPA including an environmental permit and a construction permit. These permits and consents are issued and governed by a number of governmental bodies including the EPA.

Regulation of the Electricity Sector in Ghana

The electricity sector in Ghana is unbundled with separate functions performed by various entities regarding electricity generation, transmission and distribution.

The arrangements between the operating entities in Ghana's power sector are in general governed by contract and electricity regulations. However, the provision of electricity services to the public subject these utilities to the oversight of independent regulators.

The principal institutions of the energy sector in Ghana are:

Ministry of Energy which is responsible for formulating, monitoring and evaluating policies, programs and projects for the power sub-sector and the energy sector in general;

Energy Commission which was established to perform functions relating to the regulation, management, development and utilization of energy resources in Ghana and to grant licenses for the transmission, wholesale supply, distribution and sale of electricity and natural gas and to enforce performance standards of the utilities;

Public Utilities Regulatory Commission (the “**PURC**”) which provides regulatory oversight for service providers in the sector. The power market in Ghana is indeed divided into a regulated market and deregulated markets. The deregulated market is made up of bulk customers who have the opportunity of negotiating prices of power with power producers directly without involvement of the PURC. The regulated market is made up of all customers who are not bulk customers of electricity. The PURC approves charges for transmission services, as well as bulk generation tariffs for power sold to the distribution utilities and retail tariffs which service providers may charge its customers.

Volta River Authority (the “**VRA**”) which is a state owned organization which undertakes power generation at the Akosombo and Kpong Hydro Power stations and the Takoradi Thermal Power Plant (“**TAPCO**”), situated at Aboadze. The VRA is also the entity that has entered into power purchase agreements with IPPs, including Takoradi International Company;

Bui Power Authority which is state owned agency which is charged with implementation, management and operation of the Bui Hydroelectric Power Project currently under construction;

Some *IPPs*, including Takoradi International Company, which have been licensed to build, own and operate power plants;

Ghana Grid Company Limited (“**GRIDCo**”) which is a state owned entity which has been granted the exclusive mandate to operate the National Interconnected Transmission System (“**NITS**”) as an Independent System Operator and to also be the Market Administrator for the Electricity Market. GRIDCo is to provide to all market participants fair, transparent and non discriminatory open access to transmission services;

Electricity Company of Ghana Limited which is the state owned company that distributes electricity in the southern part of the country, *Northern Electricity Department of VRA* which distributes electricity in the northern parts of Ghana, and *Enclave Power Company Limited* which distributes electricity within the Tema Industrial Free Zone Enclave.

(c) **Oil and Gas**

(i) **TAQA Energy**

Regulatory Environment

TAQA Energy's activities are subject to various legislative and regulatory provisions, and governance by several regulatory bodies. The Ministry of Economic Affairs, Agriculture and Innovation ("**MEA**") is responsible for the energy sector in The Netherlands but has a limited direct role in the operation of the industry. It is responsible for the introduction of energy related legislation, delegation of authority for licensing, ministerial guidelines and the setting of policy for the utilisation of small gas fields in The Netherlands.

The gas and electricity industries are subject to regulation by a sector specific regulator, being the Board of Directors of the Competition Authority and the Office for Energy Regulation (the "**Energiekamer**"). This is a department within the Dutch Competition Authority, the Nederlandse Mededingingsautoriteit ("**NMa**"). The Energiekamer and the NMa are responsible for, inter alia:

- determining tariff structures and conditions and maximum tariffs in respect of gas transmission pipelines;
- determining maximum tariffs for gas transport;
- issuing supply licences for supply of gas to households;
- supervision of compliance with the Gas Act; and
- issuing binding regulations or imposing penalties.

There are a number of specific regulations that govern TAQA Energy's activities in respect of exploration and production and gas transportation, distribution and storage.

Exploration and production

Exploration and production activities are governed by mining legislation. As from 1 January 2003 a new Mining Act came into force separating onshore and offshore mining activities. The Mining Act governs the State's participation in licences of 40 per cent or 50 per cent depending on the law in force at the date of issuance of the licence (some oil fields carry 0 per cent state participation). The Mining Act (in conjunction with the Corporate Income Tax Act) also governs the Production Revenue Tax (*staatswinsttaandeel*) and the level of royalties that can be claimed from upstream revenues.

Transport, Distribution and Storage

The Gas Act established the legal separation of the distribution systems of the former regional distribution and supply companies into separate legal entities, with the intention of fostering conditions for non-discriminatory third party access.

The Gas Act also governs gas storage, supervising the market through a system of negotiated third party access. Pursuant to the terms of the act, gas storage companies are required to publish their main commercial conditions on an annual basis and, subject to certain conditions, enter into negotiations with potential customers at their request. The Gas Act stipulates that storage services must be provided on an objective, transparent and non-discriminatory basis.

Health, Safety and Environment

The MEA is also responsible for regulating and enforcing associated HSE legislation in relation to air quality, noise and health and safety issues. The key pieces of legislation are the Mining Act and the Environmental Management Act which, through permitting conditions, govern matters relating to air emissions (in respect of gas production) and noise. In the case of noise pollution, operators are expected to observe regulations in respect of onshore facilities and must also comply with requirements set out in local decrees and the relevant sections of the Noise Abatement Act.

In terms of workplace health and safety issues, the Mining Act, in conjunction with the Dutch Occupational Health and Safety Act (and associated regulations) which implements (among others) EU directive 1992/91 on safety and health protection of workers in the mineral extracting industry through drilling, requires comprehensive risk inventory and evaluation (a “**Safety and Health Document**”) for all activities as well as the development and implementation of a safety management system.. The safety management plan must be approved by the works council. The Safety and Health Document, safety management system and any associated health and safety documentation are required to be updated at various stages in the lifecycle of any mining installation.

(ii) TAQA NORTH

Federal Regulation

TAQA’s ownership of TAQA NORTH is subject to certain investment conditions imposed by the Investment Review Division of Industry Canada, pursuant to the Investment Canada Act. These conditions, in the form of undertakings given by TAQA, generally relate to such matters as, inter alia, the maintenance of existing levels of employment, ensuring Canadian participation and representation in senior management and at the board level, and a commitment to capital and research and development expenditures. These undertakings were satisfied by TAQA in 2010, so no further formal reporting or pre-approvals are required. However, Industry Canada reserved the right to request ad hoc update as it deems appropriate from time to time.

TAQA NORTH operates upstream assets in Alberta, Saskatchewan and British Columbia. Each jurisdiction has its own regulatory authority which is responsible for regulating and enforcing environmental, health and safety standards in the oil and gas industry, including such matters as Benzene practices (Alberta), emergency response planning, well suspension/abandonment/reclamation requirements, flaring/venting requirements and product and waste storage/disposal. Further information regarding the regulatory authorities for the provinces and territory referred to above is set out below. In addition to provincial and territorial regulatory requirements, TAQA is also subject to federal environmental regulatory requirements that restrict and control the use of substances considered “toxic” pursuant to the Canadian Environmental Protection Act, 1999.

On 26 April 2007 the Federal Government issued a plan called, “Turning the Corner: An Action Plan to Reduce Greenhouse Gases and Air Pollution,” which includes a proposed regulatory regime to require companies with Canadian facilities in certain industries, including the upstream oil and gas industry, to reduce the level of emissions of certain greenhouse gases and other common air

contaminants into the environment. In March 2008, the federal government refined its plan and proposed regulatory framework with respect to greenhouse gas emissions in a follow-up document: “Turning the Corner: Regulatory Framework for Industrial Greenhouse Gas Emissions”. If implemented as described, the proposed regulations would have required TAQA North to reduce the emissions intensity of greenhouse gases from its existing facilities (but only those facilities that emit more than 3 kilotons of greenhouse gasses per day) by 18 per cent from 2006 levels for the year 2010 and by two per cent annually thereafter until at least 2020. However, as of September 2011, the regulations with respect to industrial greenhouse gas emissions are not in force and the Government of Canada advises that it is undergoing a process of realigning its policies and regulations in order to maintain economic prosperity while protecting the environment and aligning with the US.

If the Government of Canada eventually establishes regulations for greenhouse gas emissions, the issue of primacy arises between federal and provincial law. In the event of a conflict, companies like TAQA North will be obliged to comply with the more stringent of the regulations.

Provincial Regulation

Alberta

The Energy Resources Conservation Board is the primary regulator for the oil and gas industry in Alberta and is responsible for the administration and enforcement of various statutes and regulations that apply to the different stages of TAQA NORTH’s upstream assets. TAQA NORTH’s operations are also subject to various Alberta environmental statutes and regulations, which are administered and enforced by Alberta Environment, including with respect to TAQA NORTH’s upstream assets’ air emissions and access to ground and surface water.

The Alberta Climate Change and Emissions Management Act (“**CCEMA**”) provides a statutory framework for managing climate change and greenhouse gas emissions in Alberta. Pursuant to the Specified Gas Emitters Regulation of the CCEMA, companies such as TAQA North who own facilities which emit more than 100,000 tonnes of greenhouse gases per year have been duty bound to report such emissions and work to reduce emissions by 12 per cent. Companies with high emission rates have three compliance options under the CCEMA: (1) Make facility improvements to reduce emissions below the required threshold; (2) Purchase Alberta-based carbon offset credits; or (3) Pay \$15.00 for every tonne over target into the Climate Change and Emissions Management Fund (the “**Fund**”), established under the Act. Monies flowing into the Fund are segregated and targeted specifically to addressing climate change.

British Columbia

The British Columbia Oil and Gas Commission is the primary regulator in the province with respect to the upstream oil and gas industry and is responsible for the administration and enforcement of various statutes and regulations that apply to the different stages of TAQA NORTH’s upstream assets. The British Columbia Ministry of Environment is responsible for the administration and enforcement of the province’s environmental statutes and regulations, including with respect to TAQA NORTH’s upstream assets’ air emissions and access to ground and surface water.

In 2007, British Columbia passed the Carbon Tax Act, which imposes a carbon tax on consumption in British Columbia of virtually all fossil fuels, including gasoline, diesel, natural gas, coal and propane. The tax is being phased in from July 2008 through 2012, with each type of fossil fuel taxed at a differing rate. The carbon tax on natural gas, for example, is currently \$4.75 per m3 and will be raised to \$5.70 per m3 starting in July 2012. Fuels exported from the province are not taxed, nor are fuels used in-province for certain exempt purposes, including pipeline pigging, in down hole operations at a well site, to remove natural gas liquids or impurities in the processing of marketable natural gas, and as a refrigerant in a closed system in the processing of marketable natural gas.

Saskatchewan

The Saskatchewan Ministry of Energy and Resources is the primary regulator in the province with respect to the upstream oil and gas industry and is responsible for the administration and enforcement of various statutes and regulations that apply to the different stages of TAQA NORTH's upstream assets. The Saskatchewan Ministry of Environment is responsible for the administration and enforcement of the province's environmental statutes and regulations, including with respect to TAQA NORTH's upstream assets' air emissions and access to ground and surface water.

Although it is not expected that the costs of complying with environmental legislation will have a material adverse effect on TAQA NORTH's financial condition or results of operations, no assurance can be made that the costs of complying with environmental legislation in the future will not have such an effect.

(iii) TAQA North USA, Inc.

TAQA North USA operates upstream oil and gas assets in Montana, North Dakota and Wyoming. No single governmental body or statutory or regulatory framework governs onshore oil and gas development in the US. The legal framework for oil and gas development involves a complex and overlapping system of federal and state statutory, regulatory and common law schemes. Often, an analysis of applicable law will begin with whether the oil and gas to be developed is owned by the US, an individual state, an Indian Tribe or individual Indian or private owner.

Federal Regulation

The Bureau of Land Management ("BLM"), a department within the U.S. Department of the Interior, administers the federal regulations and regulates oil and gas exploration and production activities on federal lands. The BLM governs the award of leases for lands and minerals that are subject to federal jurisdiction, pursuant to procedures set forth in the U.S. Code of Federal Regulation. Unless specifically carved out of the leasing program, all BLM-managed lands and national forests are open to leasing. Oil and gas leasing is generally not permitted in the national park system, in national wildlife refuges, in the Wild and Scenic River Systems, and in wilderness areas. Leasing in national forests requires approval from the Forest Service, under the U.S. Department of Agriculture.

Environmental Regulation

Oil and gas development in the US is subject to both federal and state environmental regulation. Federal environmental laws applicable to the oil and gas development are

generally not industry-specific, but rather they regulate any discharge or contamination that threatens the natural environment in general. The Resource Conservation and Recovery Act (“**RCRA**”) regulates management of solid and hazardous waste; the Comprehensive Environmental Response, Compensation and Liability Act (“**CERCLA**”) regulates cleanup of contaminated sites; the Clean Air Act (“**CAA**”) regulates air emissions; and the Clean Water Act (“**CWA**”) and Safe Drinking Water Act (“**SDWA**”) regulate water discharges. The principal federal enforcement agency is the Environmental Protection Agency (“**EPA**”), but state agencies enforce similar state laws and can also be delegated authority by the EPA to implement and enforce certain federal statutes.

Under the CWA, the EPA can implement water quality standards relating to both upstream and downstream oil and gas operations, as well as rules governing the discharge of oil and gas and production fluids into U.S. waterways. The SDWA protects groundwater reservoirs, and can affect injection and underground disposal operations. Under the CAA, both federal and state environmental laws regulate new and existing sources of air pollution, including oil and gas operations. Under CERCLA, the EPA may require clean up of contaminated sites, and in general, without regard to cause or fault for the contamination.

In addition, new exploration or development operations on federal land will usually undergo a comprehensive environmental impact review under the federal National Environmental Policy Act (“**NEPA**”). The process includes public involvement, can be contentious, and can delay a project for years while the process is being completed. Failure to complete the process or comply with permits can lead to significant delays, penalties and injunctions. Finally, the Endangered Species Act (“**ESA**”) can prohibit oil and gas development activities that threaten the habitats of threatened and endangered species, or require particular mitigation measures to minimize adverse impacts to an animal species.

Operational Regulation-Spacing / Drilling

After leases have been issued, development and operation of an oil and gas project is generally subject to site level regulation by either a state or federal regulatory body. For federal lands and minerals, the BLM regulates unit formation, controls issuance of drilling permits, and generally ensures federal regulatory compliance. Spacing (number of wells in any particular area of land) is regulated by a combination of federal and state regulation.

Transportation

The Federal Energy Regulatory Commission (“**FERC**”) is charged with overseeing the implementation and operation of the natural gas transportation infrastructure. FERC has jurisdiction over, and is the primary federal regulatory agency governing interstate, oil and natural gas pipelines and transmission. FERC regulates rates and other terms for oil and gas transportation through interstate pipelines. FERC is generally charged with ensuring that interstate carriers provide non-discriminatory service to all shippers, and FERC policy is generally to approve all pipelines that comply with the statutory standards, but to let the market decide which pipelines will be built.

The location, construction and operation of interstate pipelines, facilities, and storage fields involved in moving oil and gas across state boundaries must be approved by FERC,

but the Department of Transportation (“**DOT**”) regulates the safety and integrity of interstate oil and gas pipelines through the Pipeline Safety Improvement Act of 2002.

Oil and gas pipelines and transportation are primarily governed by federal regulation because of their interstate nature, but states may regulate intrastate oil and gas pipelines and may regulate gathering lines and other intrastate transportation activities. Typically, this is done through a state’s Public Utilities Commission, or PUC.

State Regulation

Each of the major oil and gas producing states has an agency tasked with administration and enforcement of statutes and regulation for oil and gas production activities for state and private lands. In Montana, these agencies are the Montana Department of Natural Resources and Conservation and the Montana Board of Oil and Gas. In Wyoming, the agency is the Wyoming Oil and Gas Conservation Commission. In North Dakota, this agency is the Oil and Gas Division of the North Dakota Industrial Commission. The primary function of state oil and gas commissions is implementing site-level operational regulations such as spacing regulation, issuance of drilling permits, and ensuring regulatory compliance with state and federal laws. Additionally, state oil and gas commissions, along with other state environmental quality agencies, do enforce state level environmental statutes; however, because environmental regulation in the U.S. is largely controlled by federal law, the role of state agencies is generally administration and enforcement of federal statutes or equivalent state statutes.

(iv) TAQA Bratani

Oil and gas exploration and production activities in the United Kingdom’s territorial waters and on the United Kingdom Continental Shelf are governed primarily by the Petroleum Act 1998 (“**UK Petroleum Act**”). The UK Petroleum Act vests ownership of the resources in the Crown and gives the Secretary of State for Trade and Industry the authority to grant the licensee the exclusive right to search for, drill and extract petroleum in the areas governed by the licence. The licensing regime is overseen by the Energy Development Unit of the Department of Energy and Climate Change.

The terms of UK production licences are predominantly contained in “model clauses” applicable at the time of the issue of the licence which are incorporated into every production licence, though additional restrictions may also be contained in the particular licence. The model clauses govern matters such as: the grant of the rights themselves; the terms and conditions applicable to a licence; the regulation of development programmes; measurement, records and access; working method; pollution; and training.

The licences prevent licence holders from installing facilities or producing hydrocarbons without the authorisation of the Secretary of State. When considering whether to authorise a proposal, the Secretary of State will take into account whether the proposed project accords with the Government’s policy objectives and whether the methods proposed to be used comply with good oilfield practice.

Where a UK licence is awarded to a joint venture, the companies engaged in the joint venture are jointly and severally liable for discharging the obligations contained in the licence. TAQA Bratani is a party to joint operating agreements with co-venturers for each of its licences except in relation to certain acreage in the Northern North Sea which is wholly owned by TAQA Bratani. These

agreements set forth the rights and obligations between TAQA and its partners with respect to operatorship, expenditures and other related matters. A joint operating agreement also establishes the operator's rights, powers and duties, as well as the means by which an operator can be replaced. The process of agreeing and following work programmes and budgets is also set out, and each partner's ability to transfer its interest in the joint venture will be described.

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7.0 SELECTED FINANCIAL AND OTHER INFORMATION

The selected financial information set forth below has been derived from TAQA's audited consolidated financial statements at and for the years ended 31 December 2008, 2009 and 2010 and its unaudited interim condensed consolidated financial statements at and for the six months ended 30 June 2010 and 2011. TAQA's financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards. TAQA's audited consolidated financial statements at and for the years ended 31 December 2008, 2009 and 2010 and the unaudited interim financial statements for the six months ended 30 June 2010 and 2011 appear elsewhere in this Information Memorandum. The selected financial data set forth below should be read in conjunction with TAQA's consolidated financial statements and the notes thereto.

Consolidated Income Statement

	Year ended 31 December			Six months ended 30 June	
	2010	2009	2008	2011	2010
				(unaudited)	
	(AED millions)			(AED millions)	
Revenues					
Revenue from oil and gas	8,452	6,639	7,456	5,314	4,127
Revenue from electricity and water	6,330	6,128	5,535	3,473	3,073
Supplemental fuel income	5,343	3,383	2,968	2,999	2,258
Gas storage revenue	290	287	506	178	187
Net liquidated damages received	451	22	98	65	11
Other operating revenue	535	396	243	546	261
Total revenues	21,401	16,855	16,806	12,575	9,917
Cost of Sales					
Operating expenses	(10,176)	(8,160)	(6,210)	(5,454)	(4,691)
Depreciation, depletion and amortisation	(4,490)	(3,974)	(3,535)	(2,575)	(2,169)
Reversal (provisions) for impairment – property, plant and equipment	416	(538)	(387)	-	-
Total cost of sales	(14,250)	(12,672)	(10,132)	(8,029)	(6,860)
GROSS PROFIT	7,151	4,183	6,674	4,546	3,057
Administrative and other expenses	(823)	(744)	(773)	(381)	(366)
Finance costs	(4,003)	(3,732)	(3,762)	(2,167)	(1,925)
Interest income	148	73	158	29	41
Changes in fair value of derivatives	55	356	(49)	65	209
Net foreign exchange (losses) gains	58	(59)	264	(70)	157
Bargain purchase gain	191	-	-	-	-
Loss on sale of oil and gas assets	(171)	-	-	-	-
Share of results of associates	226	50	40	144	119
Share of results of joint venture	176	85	-	59	108
Gain on repurchase of bonds	-	260	222	-	-
Gain on sale of interest in subsidiaries and associate	-	-	323	-	-
Provisions for impairment – available for sale investment	-	-	(30)	-	-

	Year ended 31 December			Six months ended 30 June	
	2010	2009	2008	2011	2010
				(unaudited)	
	(AED millions)			(AED millions)	
Gain from sale of joint venture	-	-	-	28	-
Gain from sale of land assets	-	-	-	61	-
Other income	27	12	41	24	15
Profit before tax	3,035	484	3,108	2,338	1,415
Income tax (expense) credit	(1,152)	289	(913)	(1,315)	(617)
Profit for the year/period	1,883	773	2,195	1,023	798

Consolidated Balance Sheet

	At 31 December			At 30 June	
	2010	2009	2008	2011	2010
				(unaudited)	
	(AED millions)			(AED millions)	
ASSETS					
Non-current assets					
Property, plant and equipment	78,651	59,329	58,260	80,231	57,832
Operating financial assets	4,879	5,253	5,472	5,457	4,878
Available for sale investments	947	159	147	1,140	201
Intangible assets	13,945	13,540	10,886	14,400	13,624
Investment in associates	314	261	211	323	1,045
Investment in joint venture	814	1,601	-	864	741
Loan to a joint venture	-	871	-	-	865
Advance and loan to an associate	398	-	-	398	995
Other assets	590	512	482	635	560
Total non-current assets	100,538	81,526	75,458	103,448	80,741
Current Assets					
Inventories	2,115	1,773	1,732	2,185	1,670
Operating financial assets	449	297	264	399	290
Advance and loan to associates	921	20	-	811	398
Accounts receivable, prepayments and other assets	5,332	3,855	3,452	6,356	4,194
Cash and short-term deposits	5,581	4,374	4,191	3,977	4,541
Total current assets	14,398	10,319	9,639	13,728	11,093
Assets classified as held for sale	1,123	-	-	-	-
	15,521	10,319	9,639	13,728	11,093
Total assets	116,059	91,845	85,097	117,176	91,834

EQUITY AND LIABILITIES

Equity attributable to equity holders of the parent

	At 31 December			At 30 June	
	2010	2009	2008	2011	2010
	(AED millions)			(unaudited) (AED millions)	
Issued capital	6,225	6,225	6,225	6,225	6,225
Treasury shares	(293)	(293)	(22)	(293)	(294)
Equity contributed capital	341	25	25	341	25
Other reserves	3,881	3,677	3,595	3,881	3,677
Retained earnings	1,172	1,222	1,733	1,755	1,450
Proposed dividends	607	607	933	-	-
Foreign currency translation reserve	213	(958)	(4,068)	1,198	(1,361)
Cumulative changes in fair values of available for sale investments	180	(13)	(13)	291	(13)
Cumulative changes in fair values of derivatives	(2,822)	(1,190)	(2,439)	(2,978)	(1,939)
	9,504	9,302	5,969	10,420	7,770
Equity attributable to non-controlling interests					
Non-controlling interests	2,091	2,154	584	2,120	1,778
Loans from non-controlling interest shareholders in controlled subsidiaries	891	689	953	858	610
Loan from Abu Dhabi Water and Electricity Authority (ADWEA)	2,752	265	241	2,665	1,656
	5,734	3,108	1,778	5,643	4,044
Total equity	15,238	12,410	7,747	16,063	11,814
Non-current liabilities					
Investment in associate	203	-	-	70	225
Interest bearing loans and borrowings	72,855	56,144	55,463	70,906	57,964
Islamic loans	1,788	1,909	1,998	1,723	1,846
Deferred tax	4,657	4,057	3,760	4,885	4,273
Asset retirement obligation	6,557	5,798	4,911	7,252	5,840
Advances and loan from related parties	337	52	50	342	52
Loan from non-controlling interest shareholders in subsidiaries	119	162	-	106	162
Other liabilities	5,132	2,687	4,566	5,472	3,909
Total non-current liabilities	91,648	70,809	70,748	90,756	74,271
Current liabilities					
Accounts payable, accruals and other liabilities	6,271	3,730	4,191	6,348	4,126
Interest bearing loans and borrowings loans	2,058	4,399	1,861	2,245	1,185
Islamic loans	118	105	126	123	113
Loans from minority interest shareholders in subsidiaries	46	46	20	20	19
Amounts due to ADWEA and other related parties	461	18	17	506	28
Income tax payable	127	236	295	1,023	186
Bank overdraft	92	92	92	92	92
Total current liabilities	9,173	8,626	6,602	10,357	5,749
Total liabilities	100,821	79,435	77,350	101,113	80,020

	At 31 December			At 30 June	
	2010	2009	2008	2011	2010
				(unaudited)	
	(AED millions)			(AED millions)	
Total equity and liabilities	116,059	91,845	85,097	117,176	91,834

Cash Flow Statement

	Year ended 31 December			Six months ended 30 June	
	2010	2009	2008	2011	2010
				(unaudited)	
	(AED millions)			(AED millions)	

Cash Flow Data:

Net cash from operating activities	5,573	4,617	4,084	2,877	2,758
Net cash used in investing activities	(7,350)	(5,515)	(21,848)	(1,245)	(1,103)
Net cash from financing activities	3,215	1,103	13,243	(3,258)	(1,480)
Net foreign exchange difference	(231)	(22)	1,189	22	(8)
Cash and cash equivalents at the beginning of the year/period	4,282	4,099	7,431	5,489	4,282
Cash and cash equivalents at the end of the year/period	5,489	4,282	4,099	3,885	4,449

Capacity Data

Below is the capacity data for power and water availability based on an average of monthly averages for the period from 1 January to 31 December 2009 and 2010, and the period from 1 January to 30 June 2011.

	Power Availability	Water Availability
	(% contracted capacity)	(% contracted capacity)
	Jan-Jun	Jan-Jun
	2011	2011
Capacity Data:		
Shuweihat 1	94.8	93.7
Fujairah 1	95.0	94.0
Taweelah A1	92.8	97.4
Taweelah A2	84.9	95.7
Taweelah B	92.4	94.4
Umm Al Nar	94.2	91.6
Shuweihat 2 (Commercial Operation Date Pending)	-	-
Fujairah 2 (Commercial Operation Date Mar 2011)	95.1	96.5
Jorf Lasfar	91.9	-
Neyveli	92.2	-
Jubail	94.8	-
Takoradi	71.3	-
Red Oak	90.9	-

	Power Availability (% contracted capacity)	Water Availability (% contracted capacity)
	Jan-Dec	Jan-Dec
	2010	2010
Capacity Data:		
Shuweihat 1	97.5	97.4
Fujairah 1	94.6	96.7
Taweelah A1	95.6	94.7
Taweelah A2	93.7	96.7
Taweelah B	94.9	95.2
Umm Al Nar	92.0	93.2
Shuweihat 2 (Commercial Operation Date Pending)	-	-
Fujairah 2 (Commercial Operation Date Mar 2011)	-	-
Jorf Lasfar	92.1	-
Neyveli	87.0	-
Jubail	88.9	-
Takoradi	93.9	-
Red Oak	91.1	-

	Power Availability (% contracted capacity)	Water Availability (% contracted capacity)
	Jan-Dec	Jan-Dec
	2009	2009
Capacity Data:		
Shuweihat 1	97.5	95.7
Fujairah 1	93.6	93.9
Taweelah A1	96.0	96.7
Taweelah A2	95.2	97.3
Taweelah B	97.4	95.4
Umm Al Nar	94.3	93.5
Shuweihat 2 (Commercial Operation Date Pending)	-	-
Fujairah 2 (Commercial Operation Date Mar 2011)	-	-
Jorf Lasfar	90.8	-
Neyveli	81.6	-
Jubail	79.1	-
Takoradi	91.0	-
Red Oak	95.1	-

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8.0 TAXATION

The information provided below does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase the Sukuk Murabahah. In particular, the information does not consider any specific facts or circumstances that may apply to a particular prospective investor. Neither these statements nor any other statements in this Information Memorandum are to be regarded as advice on the tax position of any Sukukholder or of any person acquiring, selling or otherwise dealing in securities or on any tax implications arising from the acquisition, sale or other dealings in the Sukuk Murabahah and prospective Sukukholders should be aware that the relevant fiscal rules and practice and their interpretation may change. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Sukuk Murabahah and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as the Lead Manager in the Sukuk Murabahah) may be subject to special rules.

Prospective investors of the Sukuk Murabahah are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of the Sukuk Murabahah, including the effect of any state or local taxes, under the tax laws of the UAE, Malaysia and each country of which they are residents or countries of purchase, holding or disposition of the Sukuk Murabahah. This Information Memorandum does not discuss the local tax consequences to a potential holder, purchaser or seller arising from the acquisitions, holding or disposition of the Sukuk Murabahah. Prospective investors must, therefore, inform themselves and seek their own tax advice as to any tax, exchange control legislation or other laws and regulations in force relating to the subscription, holding or disposition of the Sukuk Murabahah at their place of residence and in the countries of which they are citizens or countries of purchase, holding or disposition of the Sukuk Murabahah.

8.1 United Arab Emirates

There is currently in force in the Emirates of Abu Dhabi and Dubai legislation establishing a general corporate taxation regime (the Abu Dhabi Income Tax Decree 1965 (as amended) and the Dubai Income Tax Decree 1969 (as amended)). The regime is, however, not enforced save in respect of oil, gas and petrochemical companies and branch offices of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE, Abu Dhabi or Dubai taxation in respect of payments of the nominal value or profit of the Sukuk Murabahah. The Constitution of the UAE specifically reserves to the federal government of the UAE the right to raise taxes on a federal basis for the purpose of funding its budget. It is not known whether this right will be exercised in the future.

The UAE has entered into double taxation arrangements with certain other countries, but these are not extensive in number.

8.2 Malaysian

Under the laws of Malaysia applicable as at the date of this Information Memorandum, profit paid to any individual or company not resident in Malaysia in respect of ringgit-denominated Sukuk Murabahah Programme, other than convertible loan stock, approved by the SC is exempted from income tax (withholding tax). No assurance is given that the laws of Malaysia will not be amended in this respect.

Any person having any queries about Malaysian taxation, or liability to tax in a jurisdiction other than Malaysia is advised to seek appropriate professional advice.

9.0 SELLING RESTRICTIONS

9.1 General

No action has been taken by TAQA, the Lead Arranger or the Lead Manager that would or is intended to permit a public offer of the Sukuk Murabahah in any country or jurisdiction where any such action for that purpose is required.

Any sale of the Sukuk Murabahah or distribution of the Information Memorandum in any other jurisdiction will be subject to applicable securities laws and regulations in force in that jurisdiction in which the Sukuk Murabahah are to be offered, sold or delivered.

None of TAQA, the Lead Arranger or the Lead Manager represents that the Sukuk Murabahah may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale. Persons into whose possession this Information Memorandum or any Sukuk Murabahah may come must inform themselves about, and observe any applicable restrictions on the distribution of this Information Memorandum and the offering and sale of the Sukuk Murabahah.

Purchasers of the Sukuk Murabahah are recommended to consult their professional advisers if they are in any doubt as to the regulatory implications of subscribing for, purchasing, holding, disposing of or otherwise dealing in the Sukuk Murabahah.

9.2 Malaysia

(a) At issuance of the Sukuk Murabahah

The Sukuk Murabahah shall not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within Schedule 6 or Section 229(1) (b) and Schedule 7 or Section 230(1) (b) of the CMSA and Schedule 9 or Section 257(3) of the CMSA.

(b) Thereafter

The Sukuk Murabahah shall not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within Schedule 6 or Section 229(1)(b) and Schedule 9 or Section 257(3) of the CMSA.

9.3 United Arab Emirates

The Sukuk Murabahah to be issued under the Sukuk Murabahah Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

The information contained in this Information Memorandum does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law (Federal Law 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and the information contained in this Information Memorandum is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the UAE.

10.0 Overview of the UAE and Abu Dhabi

10.1. The UAE

The UAE is a federation of seven Emirates. Formerly known as the Trucial States, the Emirates were a British protectorate until they achieved independence in December 1971 and merged to form the federation of the United Arab Emirates. Each Emirate – being Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al-Qaiwain, Fujairah and Ras Al Khaimah – has a local government headed by the Ruler of the Emirate. There is a federal government which is headed by the President. The federal budget is principally funded by Abu Dhabi.

The federation is governed by the Supreme Council of the Rulers of the seven Emirates (the “**Supreme Council**”). The Supreme Council elects from its own membership the President and the Vice President (for renewable five year terms). HH Sheikh Zayed Bin Sultan Al-Nahyan, the late Ruler of Abu Dhabi, held the position of President from 1971 until his death in November 2004. Following his death, his son HH Sheikh Khalifa Bin Zayed Al-Nahyan took over as Ruler of Abu Dhabi and has been elected as President of the UAE.

The UAE is the second largest economy in the GCC region after the Kingdom of Saudi Arabia and has been steadily growing over the last decade, faltering only twice, in 1998 and 2001, due to lower oil prices and the Organisation of the Petroleum Exporting Countries (“**OPEC**”) mandated production cuts. Although it has a more diversified economy than most of the other countries in the GCC region, its wealth is still largely based on oil and gas. According to data gathered by OPEC, at 31 December 2009, the UAE had approximately 7.3 per cent of proven global oil reserves (giving it the sixth largest oil reserves in the world). According to the “BP Statistical Review of World Energy” published in June 2011, the UAE had, at 31 December 2010, approximately 7.1 per cent of proven global oil reserves (continuing to give it the sixth largest oil reserves in the world as at that date). Fluctuations in energy prices do have a bearing on economic growth, but the UAE is viewed as being in a less vulnerable position than some of its GCC neighbours, due to the robust growth in its non-oil sector and the sizeable wealth of the Government of Abu Dhabi. The governments of Abu Dhabi and Dubai, which contribute around 80 per cent of the UAE’s gross domestic product (“**GDP**”), are spending substantial amounts on expanding infrastructure.

The UAE National Bureau of Statistics has estimated on a preliminary basis that real GDP in the UAE for 2010 was AED 977.3 billion, representing a real GDP growth rate of 1.4 per cent, reflecting the general economic recovery in the wake of the global economic crisis and the increase in oil prices during 2010. In 2009, the UAE National Bureau of Statistics estimated that real GDP in the UAE was AED 963.5 billion, representing a real GDP growth rate of minus 1.6 per cent.

On 23 April 2010, Moody’s reaffirmed the UAE’s long-term rating of Aa2 with a stable outlook. In its report, Moody’s cited the fact that the Federal Government of the UAE is fully supported by the Government of Abu Dhabi.

The UAE population was estimated to have reached almost 8.3 million people in mid-2010 according to data released on 31 March 2011 by the UAE National Bureau of Statistics.

The UAE enjoys good relations with the other states in the GCC and its regional neighbours. The UAE does have, however, a long-standing territorial dispute with Iran over three islands in the Gulf and, as such, is not immune to the political risks and volatility that have over-shadowed the region, particularly in the last couple of years. The economy remains heavily protected and nearly all utilities and most major industries are controlled by the state. However, tight restrictions placed on foreign investment are gradually being relaxed. For example, foreigners are not permitted to have a controlling interest in UAE businesses and corporate entities. Reflecting this rule, many of the Emirates have established trade and industry free zones as a means of attracting

overseas investment and diversifying the economy. Despite the UAE's membership in the WTO, progress towards economic liberalisation has been slow, through trade agreements with Europe and the United States are being negotiated.

10.2 Abu Dhabi

Abu Dhabi is the richest and largest of the seven Emirates and the city of Abu Dhabi is also the capital of the UAE.

Abu Dhabi, with proven crude oil reserves estimated to be in excess of 90 billion barrels, has approximately 95 per cent of the UAE's total oil reserves and approximately 7.0 per cent of the world's proven oil reserves (which were 1,337 billion barrels according to OPEC at 31 December 2009). In recent years, Abu Dhabi has produced between 2.2 and 2.5 million barrels of oil per day, which is just over 95 per cent of total UAE production. At this rate of production, Abu Dhabi's oil reserves would last over 100 years. In Abu Dhabi, the non-associated Khuff natural gas reservoirs beneath the Umm Shaif and Abu al-Bukhush oil fields rank among the world's largest. In total, Abu Dhabi has approximately 5,664 billion standard cubic metres of natural gas reserves, representing approximately 3.0 per cent of the world's natural gas reserves of 189,712 billion standard cubic metres (according to OPEC at 31 December 2009).

The table below shows Abu Dhabi's crude oil production (including condensates), exports and average selling prices for each of the years indicated.

	2005	2006	2007	2008	2009
Crude oil production (million b/d)	2.3	2.5	2.5	2.5	2.2
Crude oil exports (million b/d)	2.1	2.3	2.3	2.4	2.0
Crude oil exports (U.S.\$ billions)	40.85	54.34	59.50	84.59	45.95
Average selling price (U.S.\$ per barrel)	53	64	71	97	63

Source: Abu Dhabi National Oil Company.

The population of the UAE, based on a census carried out in 2005, was approximately 4.1 million, of whom approximately 1.4 million resided in Abu Dhabi. The UAE National Bureau of Statistics estimated the population of the UAE to be approximately 8.2 million in 2009. The current census for 2010 is underway but as at the date of this Information Memorandum census records have not been published.

The populations of both the UAE and Abu Dhabi have grown significantly since 1975, reflecting an influx of foreign labour, principally from Asia, as the Emirates have developed.

The table below illustrates this growth using official census data since 1975.

	1975	1980	1985	1995	2001	2005
Abu Dhabi population	211,812	451,848	566,036	942,463	1,170,254	1,399,484
Total UAE population	557,887	1,042,099	1,379,303	2,411,041	3,488,000	4,106,427

Source: Official census data (except 2001 UAE population, which is a UAE Ministry of Economy estimate).

Since 2005, the Abu Dhabi Statistics Centre (the “**Statistics Centre**”) has estimated Abu Dhabi's population to have grown by 3.0 per cent in 2006 to 1,440,959 and by 4.5 per cent in each of 2007, 2008 and 2009 to 1,505,488, 1,572,906 and 1,643,344, respectively.

In 2009 and based on Statistics Centre estimates, Abu Dhabi had a predominantly young population with only 0.9 per cent being 65 and over and 22.5 per cent being under the age of 15. The population is expected to grow at an approximate rate of 5 per cent per annum for the foreseeable future, a level which should not require any major short-term infrastructure expansion. The population mix in 2009 is estimated by the Statistics Centre to have comprised 24.8 per cent UAE nationals and 75.2 per cent non-nationals. The non-national population principally comprises persons from Asian and other Middle Eastern countries, with each comprising an estimated 46.7 per cent and 25.5 per cent respectively, of the total population in 2009.

According to the Statistics Centre, Abu Dhabi's nominal GDP per capita was approximately U.S.\$90,548 in 2009, which makes it one of the highest in the Gulf region. The oil and gas industry dominates Abu Dhabi's economy and contributed approximately U.S.\$73.5 billion, or 49.4 per cent of nominal GDP, in 2009. An increase in oil production rates from the 2004 rates and increased gas production rates, combined with increases in oil prices, contributed significantly to the growth in Abu Dhabi's GDP from 2004 to 2008. Oil prices declined significantly in the second half of 2008 and this fact was the principal reason for the decline in Abu Dhabi's nominal GDP in 2009.

Abu Dhabi's nominal GDP data was significantly revised in 2008 following an economic survey conducted for the first time in that year with a view to quantifying more accurately the Emirate's nominal GDP for 2007. As a result of this survey, Abu Dhabi's estimated nominal GDP data for 2007 was recalculated, as was the data for prior years on a basis consistent with the 2007 recalculation. Abu Dhabi's nominal GDP data for 2008 is based on the outcome of an economic survey conducted in 2009, but its 2009 nominal GDP data is estimated pending the results of the 2010 economic survey being collated.

No meaningful real GDP information is currently available for Abu Dhabi as a result of historic uncertainties surrounding the calculation of inflation for the Emirate. It is anticipated that real GDP data may become available during the course of 2011.

The table below shows Abu Dhabi's nominal GDP, its percentage growth rate, the UAE's nominal GDP and the percentage contribution of Abu Dhabi's nominal GDP to the UAE's nominal GDP for each of the years indicated. The revisions described above to Abu Dhabi's nominal GDP had the effect of significantly increasing its nominal GDP in each of 2006 through 2008 compared to the nominal GDP which it had previously published. This revised data for 2006 through 2008 will not be reflected in the nominal GDP for the UAE as a whole in each of those years as that data, which was separately prepared by the UAE National Bureau of Statistics, has not been revised to reflect the revised Abu Dhabi data. As a result, the percentage contributions of Abu Dhabi's nominal GDP to the UAE's nominal GDP for 2006 to 2008 in the table below are higher than they would have been had the UAE data been revised to reflect the revised Abu Dhabi data.

	2006	2007	2008	2009
	<i>(AED billions, except for percentages)</i>			
Abu Dhabi nominal GDP (current prices).....	492.3	545.4	666.7	546.5
Percentage change in Abu Dhabi nominal GDP...	28.4	10.8	22.3	(18.0)
UAE nominal GDP (current prices)	643.5	758.0	934.3	914.3
Abu Dhabi as a percentage of UAE	76.5	72.0	71.4	59.8

Sources: Statistics Centre (for Abu Dhabi nominal GDP) and UAE National Bureau of Statistics (for UAE nominal GDP only).

Abu Dhabi's GDP is dominated by the oil and gas sector, which contributed 56.2 per cent of nominal GDP in 2005, 59.2 per cent in 2006, 56.4 per cent in 2007, 60.9 per cent in 2008 and 49.4 per cent in 2009. Outside the oil and gas sector, the principal contributors to nominal GDP in Abu Dhabi in each of 2005, 2006, 2007, 2008 and 2009 have been: construction; real estate and business services; manufacturing; transport, storage and communications; financial institutions and insurance; and wholesale and retail trade and repairing services, which together accounted for 37.0 per cent of nominal GDP in 2005, 35.4 per cent in 2006, 38.3 per cent in 2007, 34.5 per cent in 2008 and 44.4 per cent in 2009.

In terms of growth, the fastest growing sectors between 2005 and 2009 were: construction; real estate and business services; hotels and restaurants; electricity, gas and water; and financial institutions and insurance, with compound annual growth rates ("CAGRs") of 20.4 per cent, 15.8 per cent, 15.6 per cent, 15.3 per cent and 15.2 per cent, respectively.

Excluding oil and gas, which are treated as being under public ownership, public administration and defence accounted for 2.9 per cent of GDP in 2009.

The following tables show Abu Dhabi's nominal GDP by economic activity and by percentage contribution, as well as the year on year growth rate, for each of the years indicated.

Sector	2005			2006			2007		
	(AED millions)	(%)	(2005 compared to 2004, % change)	(AED millions)	(%)	(2006 compared to 2005, % change)	(AED millions)	(%)	(2007 compared to 2006, % change)
Crude oil and natural gas..	215,455	56.2	45.9	291,464	59.2	35.3	307,445	56.4	5.5
Manufacturing	28,645	7.5	23.2	32,949	6.7	15.0	35,270	6.5	7.0
Public administration and defence	10,324	2.7	(8.2)	10,675	2.2	3.4	11,571	2.1	8.4
Construction.....	26,321	6.9	25.6	36,922	7.5	40.3	47,036	8.6	27.4
Real estate and business services	25,621	6.7	20.2	31,660	6.4	23.6	40,088	7.4	26.6
Wholesale retail trade and repairing services	19,864	5.2	12.5	22,533	4.6	13.4	26,160	4.8	16.1
Financial institutions and insurance.....	17,988	4.7	17.6	21,119	4.3	17.4	27,294	5.0	29.2
Transport, storage and telecommunications.....	23,604	6.2	17.5	28,985	5.9	22.8	33,292	6.1	14.9
Agriculture, livestock and fishing.....	5,863	1.5	(16.1)	5,603	1.1	(4.4)	5,591	1.0	(0.2)
Electricity, gas and water..	8,655	2.3	31.3	10,365	2.1	19.7	12,592	2.3	21.6
Hotels and restaurants.....	3,602	0.9	21.8	4,265	0.9	18.4	4,864	0.9	14.0
Other	8,925	2.3	6.8	9,375	1.9	5.0	10,398	1.9	10.9
(less imputed bank services)	(11,436)	(3.0)	25.8	(13,654)	(2.8)	19.4	(16,233)	(3.0)	18.9
Total GDP.....	383,430	100.0	30.7	492,250	100.0	28.4	545,368	100.0	10.8

Source: Statistics Centre.

Sector	2008			2009		
	(AED millions)	(%)	(2008 compared to 2007, % change)	(AED millions)	(%)	(2009 compared to 2008, % change)
Crude oil and natural gas	405,827	60.9	32.0	269,875	49.4	(33.5)
Manufacturing	38,862	5.8	10.2	40,521	7.4	4.3
Public administration and defence	13,703	2.1	18.4	15,952	2.9	16.4
Construction.....	52,353	7.9	11.3	55,228	10.1	5.5
Real estate and business services	43,209	6.5	7.8	46,037	8.4	6.6
Wholesale retail trade and repairing services.....	28,363	4.3	8.4	30,132	5.5	6.2
Financial institutions and insurance	30,313	4.5	11.1	31,652	5.8	4.4
Transport, storage and telecommunications	36,646	5.5	10.1	38,822	7.1	5.9
Agriculture, livestock and fishing	5,512	0.8	(1.4)	5,496	1.0	(0.3)
Electricity, gas and water.....	14,165	2.1	12.5	15,295	2.8	8.0
Hotels and restaurants.....	5,542	0.8	13.9	6,425	1.2	15.9
Other	11,590	1.7	11.5	12,572	2.3	8.5
(less imputed bank services).....	(19,353)	(2.9)	19.2	(21,351)	(3.9)	11.3
Total GDP	666,732	100.0	22.3	546,476	100.0	(18.0)

Source: Statistics Centre.

The Government's long-term sovereign credit ratings were affirmed at AA long-term and A-1+ short-term by S&P on 22 November 2010. S&P commented that the ratings on Abu Dhabi were supported by the Government's very strong asset position, which provides significant financial flexibility and which has allowed Abu Dhabi to face the global economic downturn with a high degree of resilience.

The Government's long-term foreign and local currency issuer ratings were affirmed at Aa2 and its short-term foreign and local currency issuer ratings at Prime-1 by Moody's on 23 April 2010. The reasons cited for these high investment grade ratings include a very strong government balance sheet, abundant hydrocarbon resources, high (albeit volatile) GDP per capita, domestic political stability and strong international relations. On the other hand, Moody's also noted the troubled regional political environment, the fact that Abu Dhabi has weaker institutions than other highly rated countries, its volatile GDP caused by a concentration on hydrocarbons and its substantial, in Moody's opinion, domestic contingent liabilities.

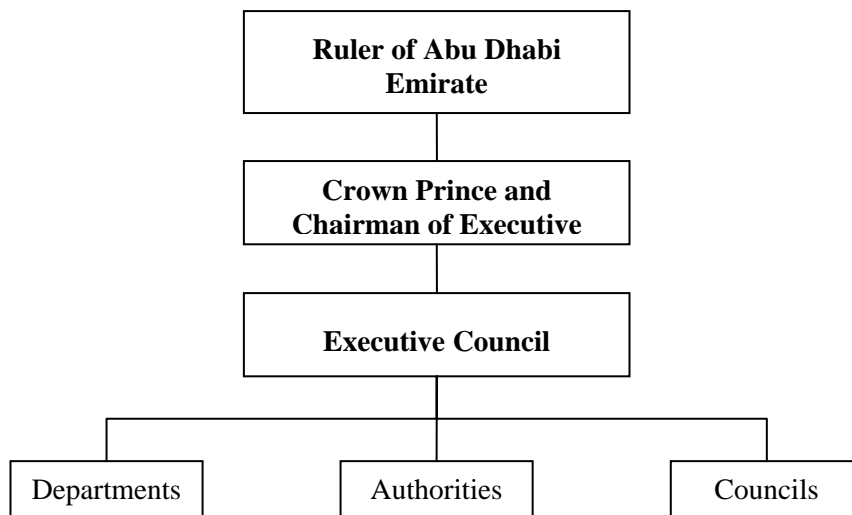
The Government's long-term foreign and local currency issuer default ratings were affirmed at AA and its short-term foreign currency issuer ratings at F1+ by Fitch on 24 September 2010. Fitch commented that Abu Dhabi's strong balance sheet enables it to weather most conceivable shocks.

10.3 Government

Executive authority in Abu Dhabi is derived from the Ruler, H.H. Sheikh Khalifa bin Zayed Al Nahyan, and the Crown Prince, H.H. Sheikh Mohamed bin Zayed Al Nahyan. The Crown Prince is also the chairman of the Abu Dhabi Executive Council (the "**Executive Council**"), which is the principal executive authority below the Ruler and the Crown Prince. The Executive Council currently comprises 17 members, appointed by Emiri Decree issued on 31 December 2008.

Departments, authorities and councils are established by Emiri Decree and are subject to the authority of the Executive Council. Departments manage administration within Abu Dhabi and manage specific portfolios, including, for example, the Department of Economy and Planning, the Department of Finance, the Department of Municipal Affairs, the Department of Transport and the Judicial Department. Authorities manage the Emirate's resources and strategies and include the Abu Dhabi Accountability Authority, ADTA, ADWEA, the Executive Affairs Authority and the Health Authority. Councils act as controlling bodies for certain Government initiatives, projects and industry sectors by setting and monitoring policies, regulations and standards, and include the Civil Service Council, the Council for Economic Development, the Education Council, the Supreme Petroleum Council and the Urban Planning Council.

The chart below summarises the structure of the Government:



The Government owns or has significant shareholdings in a number of other companies and institutions, the most important of which are Abu Dhabi National Oil Company ("**ADNOC**"), ADIA, Abu Dhabi Investment Council (the "**Council**"), International Petroleum Investment Company ("**IPIC**"), Tourism Development and Investment Company ("**TDIC**") and Mubadala. Each of these companies and institutions are wholly-owned by the Government and one or more board members of each of these companies and institutions are represented on the Executive Council.

ADNOC was established in 1971 to operate in all areas of Abu Dhabi's oil and gas industry. Since 1971, ADNOC has steadily broadened its activities, establishing various companies and subsidiaries to create an integrated oil and gas industry in Abu Dhabi. ADNOC manages and oversees oil production of more than 2.2 million barrels a day, which would rank it among the top ten oil and gas companies in the world (each according to ADNOC's 2009 publicised figures).

ADIA was established in 1976. The Government provides funds to ADIA on a periodic basis that are surplus to its budgetary requirements and other funding requirements. ADIA carries out its investment strategy independent of and without reference to the Government or other entities that also invest funds on the Government's behalf. In addition, at certain times, in practice only during periods of extreme and/or prolonged weakness in commodity prices, ADIA is required to make available to the Government its financial resources to secure and maintain the future welfare of Abu Dhabi.

The Council started its operations in 2007. The Council is another investment arm of the Government and is also responsible for investing the Government's financial resources. The

Council is empowered by the Government with a direct investment mandate to broaden Abu Dhabi's economic base and facilitate the international development of Abu Dhabi companies.

IPIC was established in 1984. IPIC has a mandate to invest in energy and energy-related industries globally. IPIC is a long-term strategic investor and currently holds more than 15 investments in over 10 countries and on five different continents.

Mubadala was established in 2002. Mubadala is a business development and investment company mandated by the Government to act as a primary catalyst in the implementation of Abu Dhabi's development strategy in a commercial and profitable manner.

TDIC was established in 2005. TDIC is a wholly-owned subsidiary of ADTA. TDIC is mandated to implement the strategy of ADTA through tourism development and is charged with fulfilling Abu Dhabi's ambition to become a leading global tourist destination.

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11.0 GENERAL INFORMATION

11.1 Authorisation

The establishment of the Sukuk Murabahah Programme and the first issue of the Sukuk Murabahah was duly authorised by a resolution of the Board of Directors approved on 20 September 2011.

11.2 Approvals

TAQA has received approval with respect to the establishment of the Sukuk Murabahah Programme from BNM.

The establishment of the Sukuk Murabahah Programme shall be deemed approved by the SC on the date of receipt of a complete submission pursuant to the relevant requirements in the IS Guidelines. This Information Memorandum must be submitted to the SC prior to the issue, offer or invitation of the Sukuk Murabahah.

11.3 Summary of Certain Agreements

The following are summaries of selected provisions of certain principal agreements governing the domestic and certain international generation projects and certain contracts in respect of TAQA Energy, TAQA NORTH and TAQA Bratani, and should not be considered to be a full statement of the terms and provisions of such agreements or a complete listing of all of the relevant agreements for such projects or for TAQA.

11.3.1 Summary of Principal UAE Generation Agreements

(a) Power and Water Purchase Agreement

Each generation subsidiary has entered into a PWPA with ADWEC as the power and water procurer, with all such PWPA's having generally the same terms and conditions (although the tariff for each one is unique). The PWPA governs: (a) the design, construction and operation and maintenance of the relevant generation and desalination facilities (and their expansion, where relevant); (b) the design, construction and transfer of the shared and/or special facilities and associated inter-connection facilities developed and built by the UAE generation subsidiary and (where relevant) transferred to the transmission, distribution or shared facilities company; and (c) the sale and purchase of power and water capacity and power and water output to ADWEC for the term of the PWPA.

The PWPA requires the generation subsidiary to make available to ADWEC the net dependable power capacity and net dependable water capacity of the relevant facilities and to deliver to ADWEC dispatched net electrical energy and net water output. ADWEC is obliged to purchase from the UAE generation subsidiary the net dependable power capacity and net dependable water capacity and take delivery of dispatched net electrical energy and net water output.

The initial term of each PWPA, absent any extension by ADWEA, is 20 years from the PCOD. The PWPA for Shuweihat S1 has been extended by one additional year, and the PWPA for Taweelah A1 has been extended by an additional six years.

(i) Fuel Supply

ADWEC is required to supply, and deliver on a substantially continuous basis, all natural gas necessary for the facilities to generate net electrical energy and to produce net water output in accordance with a fuel utilisation schedule provided by the generation subsidiary.

The generation subsidiary is required to procure sufficient fuel oil at its own cost to enable the facilities to be operated for seven consecutive days (and, in the case of Umm al Nar, in relation to the existing facilities, the maximum possible number of days agreed with ADWEC) in the event gas is not made available by ADWEC. The tariff mechanism in the PWPA adjusts to pass through the costs of procuring back-up fuel to ADWEC.

(ii) *Capacity*

Capacity from the relevant facilities is dedicated to ADWEC. Payments for capacity under the PWPA are based on the facilities' net dependable capacity for each of power and water, which are determined by testing and measured prior to the PCOD and periodically thereafter.

(iii) *Payments and Fees*

The PWPA provides for a four-part tariff structure for each of power and water, and each component of the tariff structure is designed to provide for recovery of certain types of cost. These costs include debt service; return on shareholders' equity contributions; taxes, levies and duties; fixed and variable operating and management expenses; and fuel costs.

(iv) *Supplemental Payments*

In addition to capacity payments and output payments, the PWPA requires ADWEC to make certain supplemental payments. These vary among the PWPAs but generally include payments for the use of back-up fuel and, where relevant, for certain shared facilities and insurance costs.

(v) *Terms of Payment*

ADWEC is required under the PWPA to make power and water capacity and output payments on a monthly basis following receipt by ADWEC of an invoice from the UAE generation subsidiary. All payments are made in AED, and invoices are due and payable 30 days after the day on which the invoice is received by ADWEC.

(vi) *Procurer Credit Support*

Under procurer credit support agreements, Abu Dhabi has agreed to guarantee certain of ADWEC's payment obligations (the "**Procurer Credit Support**"). This credit support terminates if ADWEC achieves and maintains for a continuous period of 730 days a long-term unsecured debt rating of at least BBB from Standard & Poor's or Baa2 from Moody's, or their equivalent.

(vii) *Force Majeure and Government Action or Inaction*

Each party is excused from performance and will not be in default of its obligations under the PWPA for so long as failure to perform such obligation is due to an event of force majeure or government action or inaction, although each

party is generally obliged to make reasonable efforts to minimise and mitigate the effects of such event of force majeure or government action or inaction and restore its ability to perform. Certain delays are not excused by an event of force majeure or government action or inaction.

Where the generation subsidiary's performance is affected by events of force majeure, ADWEC is not obliged to make any payment in respect of power or water capacity not made available. Where the UAE generation subsidiary's performance is affected by events of government action or inaction, ADWEC continues to be required to make capacity payments.

Events of government action or inaction are circumstances where the action or inaction of any instrumentality of the UAE or Abu Dhabi is the controlling or contributing force that causes the occurrence of such an event. Such events are limited to circumstances caused or arising out of acts of war, rebellion, acts of terrorism or riot occurring in the UAE or Abu Dhabi, change in law, force majeure in connection with gas, electricity or water supply caused by action or inaction or controlled or contributed to by any instrumentality of the UAE or Abu Dhabi, certain countries' boycott or sanction or any other acts or failures to act without justifiable cause by any instrumentality of the UAE or Abu Dhabi, including, without limitation, the denial of or material delay in the granting of any permit, licence or consent.

(viii) *Termination*

Each party may terminate the PWPA following the occurrence of an event of default subject to a 30-day notice of termination. During the 30-day notice period, which may be extended pursuant to suspension period provisions, the parties must consult with a view to mitigating the consequences of and curing such event of default. If the default is not cured within the consultation period, the party having given notice of termination may terminate the PWPA.

(ix) *Events of Default*

ADWEC is subject to a number of events of default, including in relation to non-payment, breach of contract, insolvency, failure of credit support and expropriation or compulsory acquisition.

Each generation subsidiary is subject to a number of events of default. These include a failure to achieve PCOD by a long-stop date, wilful default, abandonment, non-payment, insolvency, average availability of less than 75 per cent of net dependable power or water capacity for any rolling period of two years or more, and material breach of obligations.

(x) *Termination Upon Prolonged Force Majeure or Event of Government Action or Inaction*

In addition to termination following an event of default, the PWPA may be terminated by the generation subsidiary if an event of government action or inaction prevents ADWEC from performing any of its obligations under the PWPA for an extended period of time, provided that if ADWEC elects to continue paying capacity payments for power and water, then the UAE generation subsidiary will not have the right to terminate the PWPA. There is no express right to terminate for an event of force majeure affecting the operating subsidiary, other than in the case of Taweelah A2.

ADWEC may terminate the PWPA if (a) an event of force majeure or government action or inaction prevents ADWEC from performing any of its obligations under the PWPA for an extended period of time; or (b) an event of government action or inaction (and, in the case of Taweelah A2, an event of force majeure) prevents the generation subsidiary from generating or delivering net power or water output for such continuous period.

(xi) *Consequences of Termination*

In the event of termination of a PWPA, the rights of the generation subsidiaries differ according to the nature of the events or circumstances which have caused the termination. Early termination of the PWPA obligates the payment by ADWEC of termination amounts specified with regard to the subject termination event. Where early termination is due to default by a generation subsidiary, such subsidiary may be required to sell its plant and facilities as specified in the PWPA in order to fund the repayment of its lenders. Payment of termination amounts resulting from the generation subsidiary's right to terminate the PWPA in certain cases is guaranteed by Abu Dhabi pursuant to the Procurer Credit Support.

(xii) *Other Remedies*

In the event of a breach by a party of its obligations under the PWPA, the other party may seek to protect and enforce its rights, to recover any damages to which it may be entitled, or to seek specific performance in accordance with the dispute resolution provisions of the PWPA. Apart from its termination right, ADWEC's sole remedy, and the sole liability of the UAE generation subsidiary, is a reduction in capacity payments.

(xiii) *Insurance*

The generation subsidiary is required under the PWPA to obtain and maintain insurance policies from financially sound and reputable insurers that generally contain provisions which are reasonably standard in the insurance market with respect to power generating and desalination facilities of similar size, technology and location. The insurance coverage must insure, to the maximum foreseeable loss amount of the facilities, against physical damage to the facilities. Each generation subsidiary is also required to carry terrorism insurance in accordance with the financing agreements relating to the relevant facilities and the PWPA.

(xiv) *Liability and Indemnity*

The PWPAs include customary indemnification provisions between the parties for claims due to loss of or damage to property, death or injury to persons (except for workers' compensation claims) resulting from negligent act or omission by the liable party. In addition, the generation subsidiary is required to indemnify ADWEC against claims under environmental laws or regulations applicable to the plant and claims arising out of the design or construction of the facilities.

(xv) *Assignment and Transfer*

ADWEC may at any time assign or transfer its rights or obligations under the PWPA to ADWEA, Abu Dhabi Power Corporation or Transco without the prior written consent of the relevant generation subsidiary, subject to certain conditions. The generation subsidiary may assign its rights under the PWPA pursuant to the financing documents to which it is a party. Otherwise, neither the

UAE generation subsidiary nor ADWEC are permitted under the PWPA to assign or transfer its rights or obligations under the PWPA without the prior consent of the other.

(b) *Management, Operation and Maintenance Agreement*

Each generation subsidiary is a party to an operation and maintenance (or similar) agreement (the “**O&M Agreement**”) with an operations and maintenance company formed by the 40 per cent international investor shareholder in respect of the facility in question (see “*Principal Information Regarding TAQA-Business - Business Segments - Domestic UAE Power and Water Assets*” in section 6.0) (the “**Operator**”). The term of the agreements is generally structured either initially or with agreed extensions to match the terms of the corresponding PWPA.

(i) *Scope of Services*

Under the terms of the O&M Agreement, the Operator agrees to provide the operation and maintenance services necessary for the production and delivery of electricity and water, including, among other obligations, (a) the operation and maintenance of the facilities, (b) preparation of annual operating budgets and maintenance plans for the generation subsidiary’s approval, (c) planning, managing and conducting routine inspection and maintenance programmes, (d) executing scheduled and unscheduled maintenance and repair and major overhauls, and (e) (where relevant) monitoring the operation and maintenance of the shared facilities.

(ii) *Parent Guarantee*

The payment obligations of the Operator under the O&M Agreement are guaranteed by its parent(s), subject to a maximum agreed aggregate cap.

(iii) *Compensation*

The Operator is compensated, broadly, either by way of a fixed price payment structure or through a structure whereby costs are, essentially, passed through subject to a premium.

(iv) *Termination*

The O&M Agreement may be terminated by a party if, among other things, the other party (or its parent, in the case of the Operator) becomes bankrupt, insolvent or is dissolved, or the other party commits a material breach of the O&M Agreement, including non-payment of sums properly due. In addition, the O&M Agreement may be terminated by the generation subsidiary if (a) the Operator wilfully fails to operate the plant in accordance with the provisions of the O&M Agreement, (b) as a result of poor performance by the Operator, the availability of power or water capacity of the plant is less than pre-agreed levels required under the PWPA, (c) the maximum aggregate amount of liquidated damages is incurred in each of any three consecutive domestic generation years, (d) any change in ownership takes place in the Operator, or (e) the PWPA is terminated.

(v) *Force Majeure or Government Action or Inaction*

The force majeure or government action or inaction provisions in the O&M Agreements are generally similar to such provisions in the PWPA. A party cannot rely on an event of force majeure or government action or inaction to excuse certain circumstances.

(vi) *Insurance*

The UAE generation subsidiary and the Operator each assume responsibility for obtaining insurance coverage from financially responsible insurers in a manner that will avoid duplication of insurance coverage and premium costs. The UAE generation subsidiary is required to effect and maintain insurance in respect of all loss or physical damage to the plant and other property on the land that is subject to the land lease.

(vii) *Liability and Indemnity*

The Operator's liability with respect to the O&M Agreement is limited to certain fixed amounts or percentage of management fees depending on the operational period. This limitation does not apply to gross negligence or wilful misconduct of the Operator or its affiliates.

In respect of the brownfield sites, each party indemnifies the other for claims and losses arising from the existing facilities under environmental laws or violation of water and electricity laws for the period during which the existing facilities were under such party's control. In the case of Taweelah A1, this indemnity is given by the Operator only, in favour of the generation subsidiary, ADWEC, ADWEA and the financing parties.

(viii) *Assignment*

The O&M Agreement cannot be assigned without the prior written consent of the other party, provided that the generation subsidiary may assign the O&M Agreement to the lenders (and, in the case of Umm al Nar and Taweelah A1, to ADWEC).

(c) ***Project and (where relevant) Shared Facilities Lease Agreements***

The land required for each project (and its shared facilities, where relevant), including necessary access, utility and other easements, is leased to the UAE generation subsidiary from ADWEA for a period that exceeds the term of the PWPA, usually by 5 years, with renewal options consistent with the renewal options in the corresponding PWPA. The land lease continues on a year-to-year basis following expiry of the initial term, unless the UAE generation subsidiary gives ADWEA at least 180 days' notice prior to expiry of the initial term or any renewal of its intention not to continue.

The basic rent for the initial term of the land lease is a nominal sum.

The land leases may be terminated (a) by mutual agreement between ADWEA and the UAE generation subsidiary, (b) by the non-defaulting party on the occurrence of an event of default, (c) if the facilities are completely destroyed or so damaged that the UAE generation subsidiary elects not to rebuild, restore or repair it or (d) when the useful life of the facilities has ended and demolition and removal has occurred in accordance with the land lease. The events of default include (a) failure to pay amounts due under the land lease within 60 days after the date such amount is due and (b) failure to perform or meet in any material respect any material condition, covenant or obligation under the land lease which remains uncured for 90 days or, if the defaulting party is diligently pursuing a cure,

180 days. In the event of a UAE generation subsidiary default, ADWEA may, but has no obligation to, cure the UAE generation subsidiary default.

(d) *Shareholders' Agreement*

Each UAE generation subsidiary has entered into a shareholders' agreement that governs the management of the UAE generation subsidiary and the relationship between its shareholders.

(i) *Shareholder Loans*

Shareholders are required to advance interest-free loans to a pre-agreed maximum, at such time or times as required by the generation subsidiary, on terms to be established at the time the loan is made. The shareholder loans are subordinated to other generation subsidiary indebtedness under the financing documents.

(ii) *Restrictions on Transfer*

All transfers of generation subsidiary shares are subject a provision of UAE limiting the foreign ownership of each generation subsidiary's share capital to not more than 49 per cent Except for transfers by shareholders to the relevant ADWEA subsidiary, and transfers by the relevant ADWEA subsidiary to its affiliates, transfers required by operation of law or transfers resulting from the creation or enforcement of a lien on shares to secure indebtedness of the generation subsidiary, shareholders cannot sell, transfer, assign, pledge or hypothecate their shares.

(iii) *Management*

The business and affairs of the generation subsidiary are managed by, and under the direction of, its board of directors. The directors are appointed by the shareholders with the relevant subsidiary of ADWEA holding shares in the relevant UAE generation subsidiary nominating a majority of directors. The executive managing director of the UAE generation subsidiary is nominated by the minority shareholder owned by the respective joint venture partners in each project and is responsible for day-to-day management, including compliance by the UAE generation subsidiary with its obligations under the PWPA.

(iv) *Matters Requiring Unanimous Shareholder Approval*

Certain matters require the unanimous written approval of the shareholders including, for example, (a) a change in the general nature and business of the generation subsidiary, (b) the winding-up, sale, transfer, assignment, pledge or hypothecation of generation subsidiary shares, (c) the acquisition, formation or disposition of subsidiaries, (d) the merger, consolidation or reorganisation of the generation subsidiary with another company, (e) the sale, transfer, disposition, lease or other disposal of all or substantially all of the generation subsidiary's business, undertaking or assets, and (f) incurring indebtedness in an aggregate amount in excess of an agreed minimum level in a fiscal year.

(v) *Dividend Policy*

Subject to the relevant finance documents, to the greatest extent permitted by the UAE commercial companies law, but subject to forecasted working capital requirements in accordance with the agreed annual budget, profits are distributed

to the shareholders and available cash in the UAE generation subsidiary is to be used to repay subordinated loans.

(vi) *Term and Termination*

The initial term of a shareholders' agreement is 40 years from the generation subsidiary's registration date and it is renewed automatically for five-year periods, unless either party gives at least 12 months' prior written notice to terminate at the end of a relevant period. A shareholders' agreement can be terminated by agreement between the shareholders. In addition, the agreement terminates automatically if either of the shareholders no longer holds shares in the generation subsidiary, if the joint venture partners together own less than 25 per cent of the shares in the generation subsidiary or if the relevant land lease is terminated as a result of demolition and removal of the relevant facilities.

(vii) *Default*

Events of default consist of (a) a material breach of the shareholders' agreement, (b) the voluntary or involuntary winding-up of a shareholder, or (c) a breach by the UAE generation subsidiary of its obligations under the PWPA resulting in the termination by ADWEC of the PWPA. Following the occurrence of an event of default caused by the joint venture partners, the relevant subsidiary of ADWEA may purchase all of its shares and shareholder loans in the generation subsidiary. If the relevant subsidiary of ADWEA is the defaulting party, the joint venture partners may require such subsidiary to purchase all of their shares and shareholder loans in the generation subsidiary at prices set out in the agreement. The purchase price for the shareholder loans is equal to their outstanding principal amount. The purchase price for the defaulting party's shares is to be agreed between the parties, failing which the purchase price will be determined by a third-party valuer.

11.3.2 Summary of Certain International Generation Project Agreements

The following are summaries of selected provisions of certain principal agreements governing each of the international generation projects and should not be considered to be a full statement of the terms and provisions of such agreements.

(a) *Jorf Lasfar*

(i) *Power Purchase Agreement*

JLEC has executed two PPAs with ONE. The first PPA relates to the existing four units and the second PPA covers the two new units currently being built. Both PPAs are for respective periods of 30 years.

JLEC sells available power generation capacity and net electricity production from the Jorf Lasfar facility to ONE. Each PPA is a take-or-pay contract, subject to the availability of the units, which provides for capacity and energy payments at contracted tariffs denominated in U.S. Dollars and Euros (except for a limited portion denominated in Moroccan Dirhams).

Under the PPAs, ONE bears substantially all foreign exchange and coal price risk, subject in the case of the latter to the Jorf Lasfar facility meeting certain guaranteed levels of plant efficiency. In addition, the PPAs contain change in law

provisions that allow certain costs which JLEC may incur as a result of regulatory changes that affect the Jorf Lasfar project to be passed through to ONE.

The PPAs set out the obligations of both JLEC and ONE and includes default provisions for failure to meet those obligations which, subject to cure rights and materiality, could ultimately provide a party with termination rights. Early termination of a PPA by either JLEC or ONE obligates the payment by ONE of a termination amount specified with regard to the subject termination event.

The payment obligations of ONE under the PPA are reinforced by a payment assurance package. In addition, the Government of Morocco has guaranteed payments of the termination amounts under the PPAs and JLEC's right of quiet enjoyment of the Jorf Lasfar power station.

The PPA is governed under the laws of Morocco. Disputes that cannot otherwise be resolved by the parties are ultimately subject to arbitration in accordance with the Convention on the Settlement of Investment Disputes between States and Nationals of Other States.

(ii) *Transfer of Possession Agreement ("TPA") and Coal Terminal Agreement ("CTA")*

In conjunction with the implementation of the initial Jorf Lasfar project for the first four units, JLEC entered into the TPA with ONE and the CTA with l'Agence Nationale des Ports ("ANP") (formerly the Office National d'Exploitation des Ports), the national port authority of Morocco. The term of the TPA runs for a period of 30 years from September 1997, and the term of the CTA runs for an initial period of 20 years from September 1997 with a right to extend to be coterminous with the term of the TPA. These agreements establish JLEC's rights of possession and quiet and peaceful enjoyment, as well as responsibilities for use, operation and maintenance, of the Jorf Lasfar facility and the coal terminal and coal handling facilities, respectively. ONE and ANP retained legal title to the underlying assets to comply with legislation in effect at the time the agreements were put in place. Moroccan law has since changed and JLEC will own the fifth and sixth units with ONE granting JLEC a right to use the land through a right of surface agreement for the duration of the PPA for those new units. Ownership of the fifth and sixth units is to be transferred to ONE at the end of the PPA for those new units.

The TPA provides for certain events of default on the part of JLEC and ONE. If the occurrence of any event of default relating to either party results in the termination of the TPA, the PPAs automatically terminate.

The TPA is governed under the laws of Morocco. Any disputes in respect of the TPA are subject to the dispute resolution procedure provided for in the PPAs.

(iii) *Operation and Maintenance Agreement*

JLEC and TAQA North Africa ("TNA") have entered into two operation and maintenance agreements to govern the operation of the first four and the last two units respectively. Each agreement has an initial term of 30 years.

Under the terms of the agreements, TNA is required to operate, maintain and repair the power station and the port installations in accordance with the

governing agreements and to provide certain management personnel to supervise JLEC's employees.

JLEC is required to pay TNA a management fee and, if relevant, incentive payments (relating to performance targets for available capacity, heat rate, and budget performance). TNA is liable to pay liquidated damages to JLEC for failing to meet the targets referred to above as well as for certain environmental liabilities arising out of TNA's performance.

The operation and maintenance agreements are governed by the laws of Morocco. Disputes arising under or in relation to the agreement are subject to the Rules of Conciliation and Arbitration of the International Chamber of Commerce (ICC).

(iv) *Coal Handling and Storage Agreement ("CHSA")*

The CHSA, entered into between JLEC and ONE, governs the rights and obligations of both parties in respect of JLEC's unloading, handling and storage of coal destined for use by ONE at its thermal plant in Mohammedia and received at the port at Jorf Lasfar. The agreement terminates upon the termination of the PPA.

The agreement sets a limit on the cumulative amount of ONE coal to be unloaded, handled and stored by JLEC as well as a number of specific circumstances in which the limit may be exceeded. The CHSA sets out the specific coal storage obligations of both parties and provides for JLEC to be relieved of its obligations in certain circumstances.

The CHSA is governed under the laws of Morocco. Any disputes in respect of the CHSA are subject to the dispute resolution procedures set out in the PPAs.

(b) *Neyveli (India)*

(i) *Power Purchase Agreement*

SCECPL is party to a PPA with TANGEDCO, as successor in interest with respect to the PPA to the Tamil Nadu Electricity Board, that runs for a 30-year term (from 15 December 2002), which may be extended for a further 15 years (in five year increments) at TANGEDCO's option, subject to agreement on certain terms of extension between SCECPL and TANGEDCO.

Under the terms of the PPA, TANGEDCO is the sole purchaser of power generated at the plant and delivered in accordance with the agreed dispatch instructions, save in the event a TANGEDCO event of default occurs, in which case power may be sold to any purchaser within Tamil Nadu.

The tariff levied under the PPA is based on the availability of the plant. It includes a fixed capacity component covering, inter alia, interest on loans, taxes and depreciation, a variable fuel component covering the cost of primary and secondary fuel, and an incentive charge.

TANGEDCO's payment obligations under the PPA are reinforced by a payment assurance package. The security provided includes a letter of credit (covering one month's payments of tariff at 80 per cent plant load factor) and a Government of Tamil Nadu guarantee which covers all monies owed to SCECPL by TANGEDCO. Each party is relieved from liability if the performance of its

respective obligations under the PPA is materially and adversely affected by force majeure.

The agreement contains a change in law provision which provides for the agreement to be amended to put the parties back in their respective economic positions in the event that a given change in law results in an increase/decrease in costs or decrease/increase in net after tax return to SCECPL in excess of U.S.\$125,000 in any year.

The PPA provides for certain events of default on the part of both SCECPL and TANGEDCO and specifies cure periods during which the party which is in default can remedy the default. If a default is not remedied within the requisite cure period, the other party can terminate the PPA.

Under the terms of the PPA, in the event of default by TANGEDCO, SCECPL has an option to require TANGEDCO to purchase the project at a purchase price to be determined in accordance with the terms of the PPA. Similarly, in the event of default by SCECPL, TANGEDCO may exercise an option to purchase the project at a price determined in accordance with the terms of the PPA.

The PPA is governed under Indian law and disputes are dealt with according to a phased procedure culminating ultimately in arbitration, conducted in London in accordance with the Rules of Conciliation and Arbitration of the ICC.

(ii) *Fuel Supply Agreement*

Lignite is supplied to the plant by NLC under an FSA entered into in April 1998.

NLC is required to supply scheduled monthly quantities of lignite, which quantities may be revised by SCECPL, provided that the average annual quantities do not exceed 1.90 million metric tonnes or fall below 1.15 million metric tonnes. Under the FSA, SCECPL may not purchase or receive fuel from any other source except to the extent NLC does not deliver 90 per cent of the required quantity of lignite for a period of three consecutive months.

The base price paid for lignite under the agreement is the annual weighted average price of lignite produced from NLC's various mines. In addition, SCECPL is required to make an incentive payment for supplies made in excess of 97 per cent of the annual average quantity and a guarantee charge commencing in the thirteenth year of commercial operation which is equal to 1 per cent of the base price of lignite delivered in each year after the twelfth year of commercial operation, up to a maximum of 1.77 million metric tonnes. The delivery price comprises the sum of the base price, applicable taxes and royalties, charges for sampling and analysis of the lignite supplied, the guarantee charge and the incentive charge.

The agreement provides for a number of events of default on the part of either party which will trigger the payment of certain agreed liquidated damages.

The FSA is governed by Indian law. Disputes arising under the FSA are to be resolved by negotiations between representatives of both parties and in the event of non-resolution are subject to arbitration, which is to be conducted in Chennai in accordance with the Indian Arbitration and Conciliation Act of 1996.

(c) *Red Oak (USA)*

(i) *Red Oak Tolling Agreement*

The Red Oak Tolling Agreement was acquired by TAQA Gen-X. Under the Red Oak Tolling Agreement, TAQA Gen-X makes fixed monthly payments in exchange for all economic rights to the Red Oak plant's output (power sales, capacity payments, ancillary services) and assumes the obligation of obtaining fuel for the plant, in each case for the duration of the contract (through August 2022), providing a similar investment and risk exposure to physical ownership of the Red Oak plant on a merchant basis.

(ii) *Energy Management Agreement*

The management of the Red Oak Tolling Agreement is outsourced to Morgan Stanley, the sole general partner of TAQA Gen-X, through an Energy Management Agreement ("EMA"). The management of the contract includes decisions on plant dispatch when economically viable and hedging and trading power and gas forward to optimize risk-adjusted returns. Morgan Stanley is paid a management fee and an incentive fee after a guaranteed return on investment.

11.3.3 Summary of Oil and Gas

(a) *Gas Sales and Gas Storage Agreements (TAQA Energy)*

(i) *P/15 and P/18 Offshore*

Most gas from the P/15 and P/18 fields is contracted for sale to GasTerra under standard Dutch small field gas sales agreements. The gas sales agreement remains in force until the earlier of: (a) the production licences being no longer in force; (b) upon two year's prior notice, that the reservoirs are deemed by the sellers to be no longer capable of producing natural gas in commercial quantities; (c) the sellers' interests in the reserves committed to the purchaser are delivered to the purchaser; or (d) 30 years from the effective date, which was 1 January 2007. Annually, amendments to the gas sales agreements result in a new contract price based on the normative buying price ("NIP"), being the "net back" price of GasTerra and the introduction of a "Technical Minimum" without the obligation to pay a service fee.

In addition, there is a long term agreement with Petrochem Carless Limited for the sale and offtake of oil and condensate produced from the P15/P18 licenses at a price based upon a basket of published market prices, less a discount for contamination.

There is an agreement with GasTerra for the provision of gas storage services at Alkmaar PGI for a fixed (indexed) price with an initial term expiring in April 2017.

An Agreement with Gazprom Export for provision of gas storage services in exchange for the delivery of cushion gas for the Bergermeer gas storage project was signed in August 2009. Pursuant to the agreement, Gazprom Export will deliver for the project a defined amount of cushion gas for injection into the Bergermeer storage facility. In exchange, Gazprom Export will receive working capacity and GM&T will receive a participating interest in the technical operator of the facility.

(ii) *Bergen Onshore*

All gas from currently producing gas fields in the Bergen licence area are contracted for sale to GasTerra under a gas sales agreement. Pursuant to this agreement, the sellers (including TAQA Onshore) have committed their participation interests in the remaining and new gas reserves up to 15 billion m³. Following an amendment that became effective in January 2009, the purchase price for the gas is calculated on the basis of the NIP. Almost all fields contractually deliver the gas on a so called “As Produced” arrangement. The gas sales agreement remains in force until the earlier of: (a) the production licences being no longer in force; (b) upon two years’ prior notice, that the reservoirs are deemed by the sellers to be no longer capable of producing natural gas in commercial quantities; (c) the sellers’ interests in the reserves committed to the purchaser are delivered to the purchaser; or (d) 30 years from the effective date, which was 1 January 2007.

(b) *Oil and Gas Sales Contracts (TAQA NORTH)*

TAQA NORTH sells its production to a variety of purchasers in the physical spot market utilizing master sales agreements.

TAQA NORTH’s natural gas sales portfolio consists of gas sales priced at AECO monthly index, AECO daily spot, Westcoast Station 2 daily spot and a small portion to aggregators. TAQA NORTH’s oil and natural gas liquids portfolio consists of sales that are almost always priced based on standard spot market posters.

(c) *Oil and Gas Sales Contracts and Decommissioning Deeds (TAQA Bratani)*

TAQA Bratani has entered into crude oil sales agreements with Shell International Trading and Shipping Company Limited (“**STASCO**”) in relation to TAQA Bratani’s crude oil production from the Brae Assets. The agreements are for a twelve-month period commencing 1st January 2011 and terminating on 31st December. The purchase price per barrel is based on the “Forties” quotation published in Platt’s Crude Oil Marketwire plus a fixed differential and adjusted in relation to the sulphur content.

TAQA Bratani has a further contract with STASCO for the sale of its crude oil produced from its other North Sea Assets. The agreement is for a twelve-month period commencing on 1 January 2011 and terminating on 31 December 2011. The purchase price per barrel is based on the published Brent Ninian Blend as published in Platt’s Crude Oil Marketwire with no differential.

TAQA Bratani has entered into decommissioning cost provision deeds (the “**Decommissioning Deeds**”) for each of its fields constituting the northern North Sea Assets for the benefit of the sellers of those fields. Under the Decommissioning Deeds, TAQA Bratani is required to either (i) place monies in trust or procure the issuance of letters of credit in an amount equal to 150 per cent of TAQA Bratani’s share of the estimated net decommissioning costs of the fields or (ii) procure the issuance of a guarantee by an affiliate with a credit rating of not less than AA- (Standard & Poor’s) or Aa3 (Moody’s) or an equivalent rating by another rating agency approved by all the parties to the Decommissioning Deeds. The estimated net decommissioning costs of the fields are revised each year by the parties to the Decommissioning Deeds. A guarantee was issued by TAQA as a qualifying surety in relation to each of the Decommissioning Deeds.

11.4 Material Litigation

As at 28 September 2011, neither TAQA nor any other member of the Group is involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or has had in the recent past significant effects on the financial position or profitability of TAQA or the Group save as disclosed below:

- (a) In August 2010, the former CEO of TAQA filed a lawsuit against TAQA and its subsidiary TAQA New World Inc. alleging various causes of action, including breach of contract, retaliatory termination, and physical and emotional distress. In general, the complaint seeks damages of over US\$80 million (AED 294 million) in actual damages and in excess of \$50 million (AED 183 million) in exemplary damages. TAQA believes the claims are without merit and filed a motion to dismiss the lawsuit. The motion to dismiss was granted on 28 September 2011, but remains subject to appeal.
- (b) The final approvals and permits to construct and operate the Bergermeer gas storage facility were received from the Minister of Economic Affairs, Agriculture & Innovation, Minister of Infrastructure & Environment and other authorities on 19 May 2011. Several appeals to the issuance of these approvals and permits were filed, as well as requests for a suspension of certain site activities, and a hearing on the requests for a suspension was held before the President of the Legal Department of the Council of State on 26 July 2011. On 8 August 2011, the Council of State announced the suspension of site preparation activities for the Bergermeer gas storage facility until all appeals regarding the permits and approvals for the facility had been resolved. The final appeal decision in the Council of State is expected early in 2012, and TAQA expects that the permits and approvals will be upheld.

11.5 No conviction and offences

TAQA and its Board of Directors members have not been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the last five years prior to the date of this Information Memorandum.

TAQA has not been subjected to any action by the Abu Dhabi Exchange Market for any breach of the listing requirements or rules issued by the Abu Dhabi Exchange Market for the past five years prior to the date of this Information Memorandum.

11.6 Auditors

The consolidated financial statements of TAQA as of and for the years ended 31 December 2008, 2009 and 2010, included in the Information Memorandum, have been audited by Ernst & Young, Middle East (Abu Dhabi Branch) (which is authorised and regulated by the Ministry of Economy and Planning of the UAE).

11.7 Documents available for inspection

Copies of the following documents are available for inspection from Mondays to Fridays (other than a public holiday) upon request during normal business hours, at the offices of the Trustee at Level 20, Menara IMC, 8, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia:

- (a) the constitutional documents of TAQA;

- (b) the Information Memorandum;
- (c) the Commodity Murabahah Master Agreement;
- (d) the Trust Deed; and
- (e) the audited annual consolidated financial statements of TAQA for the years ended 31 December 2008, 2009 and 2010 and the unaudited consolidated financial statements of TAQA for the period ended 30 June 2011.

The recipient acknowledges that certain of the documents and their contents are strictly confidential and the information contained therein is given to the recipient strictly on the basis that the recipient shall ensure the same remains confidential.

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ANNEXURE

Audited Annual Consolidated Financial Statements of TAQA for the years ended 31 December 2008, 2009 and 2010 and the Unaudited Consolidated Financial Statements of TAQA for the period ended 30 June 2011



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