OFFERING MEMORANDUM

NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES

Viridian Group FundCo II Limited

€313,000,000 $11^1/_8$% Senior Secured Notes due 2017
$250,000,000 $11^1/_8$% Senior Secured Notes due 2017

Viridian Group FundCo II Limited, a special purpose exempted company incorporated under the laws of the Cayman Islands with registered number 257711 (the "Issuer"), which was initially owned by a charitable trust, offered (the "Offering") €313,000,000 in aggregate principal amount of its $11^1/_8$% Senior Secured Notes due 2017 (the "Euro Notes") and $250,000,000 in aggregate principal amount of its $11^1/_8$% Senior Secured Notes due 2017 (the "Dollar Notes" and, together with the Euro Notes, the "Notes") .

The Issuer will pay interest on the Notes semi-annually in arrears on each 1 April and 1 October, commencing on 1 October 2012. The Notes will mature on 1 April 2017.

Prior to 1 April 2015, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of such Notes, plus accrued and unpaid interest and additional amounts, if any, plus a "make-whole" premium, as described in this offering memorandum (the "Offering Memorandum"). At any time prior to 1 April 2015, the Issuer may, during each twelve-month period commencing with the Issue Date, redeem up to 10% of the original aggregate principal amount of each series of Notes at a redemption price equal to 103% of the principal amount of the relevant series of Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. At any time on or after 1 April 2015, the Issuer may redeem all or a portion of the Notes at the redemption prices set forth in this Offering Memorandum. In addition, at any time prior to 1 April 2015, the Issuer may redeem up to 35% of the aggregate principal amount of each series of the Notes with the net proceeds from certain equity offerings at the redemption price set forth in this Offering Memorandum. The Issuer may also redeem all, but not less than all, of the Notes upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events constituting a change of control or upon the occurrence of certain asset sales, the Issuer may be required to make an offer to repurchase the Notes.

Upon the consummation of the Offering, the Initial Purchasers (as defined herein) deposited the gross proceeds of the Offering into segregated escrow accounts (the "Escrow Accounts"). Upon satisfaction of certain conditions, including the transfer of the equity interests of the Issuer to Viridian Group FundCo I Limited, the transfer of the equity interests of Viridian Group FundCo III Limited to the Issuer and the approval of the JFA Amendment and Restatement Agreement and ICA Amendment and Restatement Agreement, the funds from the Escrow Accounts (£404.9 million) were released to the Issuer on 14 March 2012 (the "Escrow Release Date").

The Notes will be senior obligations of the Issuer and will rank equally in right of payment with all other existing and future senior debt of the Issuer. On the Escrow Release Date, the Notes will be guaranteed on a senior basis (the "Guarantees") by Viridian Group Investments Limited (the "Parent" or "Viridian"), Viridian Group FundCo I Limited and certain of the Issuer's subsidiaries.

The Notes and the Guarantees will be secured by first-ranking security interests granted on an equal and rateable first-priority basis over the same assets that secure the Revolving Credit Facility (as defined herein) (the "Collateral") as more fully described in "Description of the Notes—Security". In the event of enforcement of the Collateral, the holders of the Notes will receive proceeds from the Collateral only after the lenders under the Revolving Credit Facility (or any replacement facilities) and counterparties to certain hedging obligations have been repaid in full. See "Description of the Notes—Intercreditor Agreement". Prior to the Issuer Transfer Date, holders of the Notes will not have any recourse to the Issuer other than in respect of amounts deposited in the Escrow Accounts and amounts delivered to the Issuer by the Group, if any.

This Offering Memorandum constitutes a prospectus for the purpose of the Luxembourg law dated 10 July 2005 on Prospectuses for Securities. This Offering Memorandum includes information on the terms of the Notes and Guarantees, including redemption and repurchase prices, security, covenants, events of default, intercreditor relationships and transfer restrictions.

There is currently no public market for the Notes. Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes for trading on the Euro MTF Market.

Investing in the Notes involves a high degree of risk. See "Risk Factors" beginning on page 49.

Price for the Euro Notes: 96.723% plus accrued interest, if any, from 6 March 2012.

Price for the Dollar Notes: 96.723% plus accrued interest, if any, from 6 March 2012.

The Euro Notes were issued in registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Dollar Notes were issued in registered form in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof. The Notes are represented by global notes, which were delivered through the facilities of The Depository Trust Company ("DTC"), Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme*, Luxembourg ("Clearstream") and their participants, on 6 March 2012 (the "Issue Date").

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act") or the securities laws of any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. In the United States, the Offering is being made only to qualified institutional buyers as defined in, and in reliance on, the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A of the U.S. Securities Act ("Rule 144A"). You are hereby notified that the initial purchasers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For further details about eligible offerees and resale restrictions, see "Plan of Distribution" and "Notice to Investors".

Joint Global Coordinators and Bookrunners

Deutsche Bank **The Royal Bank of Scotland**

Joint Bookrunners

UBS Investment Bank **Commerzbank** **Barclays Capital**

The date of this Offering Memorandum is 8 June 2012

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You should rely only on the information contained in this Offering Memorandum. Neither the Issuer, the Guarantors nor any of the Initial Purchasers have authorised anyone to provide prospective investors with different information, and you should not rely on any such information. None of the Issuer, the Guarantors or the Initial Purchasers is making an offer of the Notes in any jurisdiction where the Offering is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front of this Offering Memorandum. The Group's business, financial condition, results of operations and prospects may have changed since that date.

STABILISATION

IN CONNECTION WITH THE ISSUANCE OF THE NOTES, DEUTSCHE BANK AG, LONDON BRANCH (THE "STABILISING MANAGER") (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

IMPORTANT INFORMATION

In making an investment decision regarding the Notes offered by this Offering Memorandum, you must rely on your own examination of the Issuer, the Guarantors and their respective subsidiaries (together, "Viridian" or the "Group"), as well as the terms of this offering (the "Offering"), the application of the proceeds of the Offering as described in "Use of Proceeds" and the terms of the Refinancing as described in "Summary—The Refinancing", including the merits and risks involved. The Offering is being made on the basis of this Offering Memorandum only. Any decision to purchase Notes in the Offering must be based on the information contained in this Offering Memorandum. Neither the Issuer, the Guarantors nor the Initial Purchasers have authorised anyone to provide you with additional or different information.

You are not to construe the contents of this Offering Memorandum as investment, legal or tax advice. You should consult your own counsel, accountants and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes. You are responsible for making your own examination of Viridian's business and your own assessment of the merits and risks of investing in the Notes. None of Viridian, the Guarantors or the Initial Purchasers are making any representation to you regarding the legality of an investment in the Notes by you under appropriate legal investment or similar laws.

The information contained in this Offering Memorandum has been furnished by Viridian and other sources it believes to be reliable. No representation or warranty, express or implied, is made by the Initial Purchasers or their respective directors, affiliates, advisors and agents as to the accuracy or completeness of any of the information set out in this Offering Memorandum, and nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers or their respective directors, affiliates, advisors and agents, whether as to the past or the future. By receiving this Offering Memorandum, you acknowledge that you have not relied on the Initial Purchasers or their respective directors, affiliates, advisors and agents in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

Summaries of documents contained in this Offering Memorandum may not be complete. Viridian will make copies of certain actual documents available to you upon request. See "Available Information". None of the Issuer, the Guarantors or the Initial Purchasers represents that the information in this Offering Memorandum is complete. All summaries of the documents contained herein are qualified in their entirety by this reference. You agree to the foregoing by accepting this Offering Memorandum.

No person is authorised in connection with any offering made by this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum and, if given or made, any other information or representation must not be relied upon as having been authorised by the Issuer, the Guarantors or the Initial Purchasers. The information contained in this Offering Memorandum is accurate as of the date hereof. Neither the delivery of this Offering Memorandum at any time nor any subsequent commitment to purchase the Notes shall, under any circumstances, create any implication that there has been no change in the information set forth in this Offering Memorandum or in the business of the Issuer or the Guarantors since the date of this Offering Memorandum.

The Issuer and the Guarantors have made all reasonable inquiries and confirmed to the best of their knowledge, information and belief that the information contained in this Offering Memorandum with regard to Viridian and the Notes is true and accurate in all material respects, that the opinions and intentions expressed in this Offering Memorandum are honestly held, and the Issuer and the Guarantors are not aware of any other facts the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

The Issuer reserves the right to withdraw this Offering at any time. The Issuer is making this Offering subject to the terms described in this Offering Memorandum and the purchase agreement dated 1 March 2012 relating to the Notes (the "Purchase Agreement"). The Issuer and the Initial Purchasers each reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective investor less than the full amount of the Notes sought by such investor. The Initial Purchasers and certain of their related entities may acquire, for their own accounts, a portion of the Notes.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable securities laws. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See "Plan of Distribution" and "Notice to Investors".

The distribution of this Offering Memorandum and the offer and sale of the Notes are restricted by law in some jurisdictions. This Offering Memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. Each prospective offeree or purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Offering Memorandum, and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the Issuer nor the Initial Purchasers shall have any responsibility therefor. See "—Notice to Prospective U.S. Investors", "—Notice to Certain European Investors", "—Notice to Cayman Investors", "Plan of Distribution" and "Notice to Investors".

The Issuer and the Guarantors have prepared this Offering Memorandum solely for use in connection with the offer of the Notes and the Guarantees to qualified institutional buyers under Rule 144A under the U.S. Securities Act and outside the United States to non-U.S. persons under Regulation S under the U.S. Securities Act.

The Notes are available in book-entry form only. The Notes were issued in the form of two or more global notes. The global notes sold in reliance on Regulation S are represented by one or more global notes in registered form (the "Regulation S Global Notes"). The Regulation S Global Notes representing the Euro Notes (the "Euro Regulation S Global Notes") were deposited, on the Issue Date, with, or on behalf of, a common depositary for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the common depositary. The Regulation S Global Notes representing the Dollar Notes (the "Dollar Regulation S Global Notes") were deposited, on the Issue Date, with, or on behalf of, a custodian for DTC and registered in the name of DTC or its nominee. The global notes sold in reliance on Rule 144A are represented by one or more global notes in registered form without interest coupons attached (the "Rule 144A Global Notes" and, together with the Regulation S Global Notes, the "Global Notes"). The Rule 144A Global Notes representing the Euro Notes (the "Euro Rule 144A Global Notes" and, together with the Euro Regulation S Global Notes, the "Euro Global Notes") were deposited, on the Issue Date, with, or on behalf of, a common depositary for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the common depositary. The Rule 144A Global Notes representing the Dollar Notes (the "Dollar Rule 144A Global Notes" and, together with the Dollar Regulation S Global Notes, the "Dollar Global Notes") were deposited, on the Issue Date, with a custodian for DTC and registered in the name of DTC or its nominee. Ownership of interests in the Rule 144A Global Notes (the "Rule 144A Book-Entry Interests") and ownership of interests in the Regulation S Global Notes (the "Regulation S Book-Entry Interests", and, together with the Rule 144A Book-Entry Interests, the "Book-Entry Interests") will be shown on, and transfers of Book-Entry Interests will be effected only through, records maintained by DTC, Euroclear and Clearstream and their direct and indirect participants. After the initial issue of the Global Notes, Notes in certificated form will be issued in exchange for the Global Notes only as set out in the indenture governing the Notes (the "Indenture"). See "Book-Entry, Delivery and Form".

The information set out in the sections of this Offering Memorandum describing clearing and settlement arrangements is subject to any change or reinterpretation of the rules, regulations and procedures of DTC, Euroclear and Clearstream as currently in effect. The information in such sections concerning these clearing and settlement arrangements has been obtained from sources that the Issuer believes to be reliable. This information has been accurately reproduced and as far as the Issuer is aware, and is able to ascertain from published information, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer accepts responsibility only for the correct extraction and reproduction of such information, but not for the accuracy of such information. If you wish to use the facilities of any clearing system you should confirm the applicability of the rules, regulations and procedures of the relevant clearing system. The Issuer will not be responsible or liable for any aspect of the records relating to, or payments made on account of, Book-Entry Interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records, relating to such Book-Entry Interests.

Each prospective purchaser of the Notes must comply with all applicable laws and rules and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the Issuer, the Guarantors nor the Initial Purchasers shall have any responsibility therefor.

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes for trading on the Euro MTF Market, and the Issuer has submitted this Offering Memorandum to the Luxembourg Stock Exchange in connection with the listing application. The Euro MTF Market of the Luxembourg Stock Exchange is not a regulated market within the meaning of Directive 2004/39/EC on markets in financial instruments.

The information contained under the caption "—Exchange Rate and Currency Information" includes extracts from information and data publicly released by official and other sources. While the Issuer and the Guarantors accept responsibility for accurately extracting, reproducing and summarising the information concerning exchange rate information, neither the Issuer nor the Guarantors accept any further responsibility in respect of such information. The information set out in those sections of this Offering Memorandum describing clearing and settlement, including in "Book-Entry; Delivery and Form", is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. Neither of the Issuer nor the Guarantors will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such book-entry interests.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 49.

NOTICE TO PROSPECTIVE U.S. INVESTORS

This Offering is being made in the United States in reliance upon an exemption from registration under the U.S. Securities Act for an offer and sale of the Notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See "Notice to Investors".

This Offering Memorandum is being provided (1) to a limited number of United States investors that the Issuer reasonably believes to be "qualified institutional buyers" under Rule 144A for informational use solely in connection with their consideration of the purchase of the Notes and (2) to investors outside the United States who are not U.S. persons (as defined in Regulation S) in connection with offshore transactions complying with Rule 903 or Rule 904 of Regulation S. The Notes described in this Offering Memorandum have not been registered with, recommended by or approved by, the United States Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence.

NOTICE TO CERTAIN EUROPEAN INVESTORS

European Economic Area

This Offering Memorandum is not a prospectus and is being distributed to a limited number of recipients for the sole purpose of assisting such recipients in determining whether to proceed with a further investigation of the issue of the Notes. This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of Directive 2003/7/1/EC as defined in more detail below (the "Prospectus Directive"), as implemented in member states ("Member States") of the European Economic Area (the "EEA"), from the requirement to produce a prospectus for offers of securities. Accordingly, any person making or intending to make any offer within the EEA of the Notes, which are the subject of the placement contemplated in this Offering Memorandum, should only do so in circumstances in which no obligation arises for the Issuer or any of the Initial Purchasers to produce a prospectus in accordance with the requirements of the Prospectus Directive for such offer. Neither the Issuer nor the Initial Purchasers have authorised, nor do they authorise, the making of any offer of the Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this Offering Memorandum.

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State"), including each Relevant Member State that has implemented the 2010 PD Amending Directive (as described in more detail below) (each an "Early Implementing Member State"), each Initial Purchaser has represented and agreed that, with effect from, and including, the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of the Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that each Initial Purchaser may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in the Relevant Member State at any time:

(a) To "qualified investors" as defined in the Prospectus Directive, including:

   (i) (in the case of Relevant Member States other than Early Implementing Member States), legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities, or any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than €43.0 million and (iii) an annual turnover of more than € 50.0 million as shown in its last annual or consolidated accounts; or

   (ii) (in the case of Early Implementing Member States), persons or entities that are described in points (1) to (4) of Section I of Annex II to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on Markets in Financial Instruments, and those who are treated on request as professional clients in accordance with Annex II to Directive 2004/39/EC, or recognised as eligible counterparties in accordance with Article 24 of Directive 2004/39/EC unless they have requested that they be treated as non-professional clients; or

(b) by any Initial Purchasers to fewer than 100 or, in the case of Early Implementing Member States, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in any Relevant Member State subject to obtaining the prior consent of the Issuer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Notes shall result in a requirement for the publication by the Issuer or the Initial Purchasers of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this restriction, the expression "offer of the Notes to the public" in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. For the purposes of this provision, the expression "Prospectus Directive" means Directive 2003/7/1/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (including the 2010 PD Amending Directive, in the case of Early Implementing Member States) and amendments thereto, and includes any relevant implementing measure in the Relevant Member State. The expression "2010 PD Amending Directive" means Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010 amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

United Kingdom

The issue and distribution of this Offering Memorandum is restricted by law. This Offering Memorandum is not being distributed by, nor has it been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 by, a person authorised under the Financial Services and Markets Act 2000. This Offering Memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc".) of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of the Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. No part of this Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the prior written consent of the Issuer.

France

This Offering Memorandum is not being distributed in the context of an offer to the public of financial securities in France within the meaning of Article L.411-1 of the *Code monétaire et financier* (the "CMF"), and has, therefore, not been submitted to the *Autorité des marchés financiers* (the "AMF") for prior approval and clearance procedure. The Notes may not be, directly or indirectly, offered or sold to the public in France, and no offering or marketing materials relating to the Notes should be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in France. Offers, sales and distributions have only been and shall only be made in France pursuant to Article L.411-2-II of the CMF to: (i) providers of investment services relating to portfolio management for the account of third-parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*); and/or (ii) qualified investors (*investisseurs qualifiés*); and/or (iii) a limited group of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in and in accordance with Articles L.411-1, L.411-2 and D.411-1 to D.411-4 of the CMF. Investors in France falling within the qualified investors or restricted circle of investors exemption may only participate in the Offering for their own account in accordance with the conditions set out in Articles D.411-1, D.411-2, D.744-1, D.754-1 and D.764-1 of the CMF. The Notes may only be offered, directly or indirectly, to the public in France in compliance with applicable laws and regulations, in particular those relating to a public offering (which are embodied in Articles L.411-1, L.412-1 and L.621-8 to L.621-8-3 of the CMF).

Federal Republic of Germany

The Offering is not a public offering in the Federal Republic of Germany. The Notes may only be offered, sold and acquired in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (the "Securities Prospectus Act", *Wertpapierprospektgesetz, WpPG*), as amended, the Commission Regulation (EC) No. 809/2004 of 29 April 2004, as amended, and any other applicable German law. No application has been made under German law to permit a public offer of the Notes in the Federal Republic of Germany. This Offering Memorandum has not been approved for purposes of a public offer of the Notes and accordingly the Notes may not be, and are not being, offered or advertised publicly or by public promotion in Germany. Therefore, this Offering Memorandum is strictly for private use and the offer is only being made to recipients to whom the document is personally addressed and does not constitute an offer or advertisement to the public. The Notes will only be available to, and this Offering Memorandum and any other offering material in relation to the Notes is directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2, No. 6 of the Securities Prospectus Act. Any resale of the Notes in the Federal Republic of Germany may only be made in accordance with the Securities Prospectus Act and other applicable laws.

Grand Duchy of Luxembourg

The terms and conditions relating to this Offering Memorandum have not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for purposes of public offering or sale in the Grand Duchy of Luxembourg ("Luxembourg"). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other offering circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in, from or published in, Luxembourg, except for the sole purpose of the admission of the Notes for trading on the Euro MTF and listing on the Official List of the Luxembourg Stock Exchange, and except in circumstances which do not constitute an offer of securities to the public requiring the publication of a prospectus in accordance with article 5 paragraph 2 of the Luxembourg law of 10 July 2005 on prospectuses for securities and implementing the Prospectus Directive, as amended from time to time.

Republic of Italy

The Offering has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100, paragraph 1 (a) of Legislative Decree No. 58 of 24 February 1998, as amended (the "Italian Financial Services Act") and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("Regulation No. 11971"); or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Services Act and Article 34-ter of CONSOB Regulation No. 11971. For the purposes of this provision, the expression "offer of notes to the public" in the Republic of Italy means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, including the placement through authorised intermediaries.

Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable Italian laws and regulations. The Notes and the information contained in this Offering Memorandum are intended only for the use of the recipient. Any offer, sale or delivery of the Notes, or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above, must be: (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended; and (b) in compliance with any other applicable laws and regulations, or requirement imposed by CONSOB, the Bank of Italy or any other Italian authority.

Kingdom of Spain

The Offering has not been and will not be verified by or registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*), and, therefore, the Notes may not be offered in the Kingdom of Spain by any means, except in circumstances which do not qualify as a public offer of securities in the Kingdom of Spain in accordance with article 30 bis of the Securities Market Act, as amended and restated (*Ley 24/1988, de 28 de julio del Mercado de Valores*), or pursuant to an exemption from registration in accordance with article 41 of the Royal Decree 1310/2005 (*Real Decreto 1310/2005, de 4 de noviembre por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), and any regulations developing it which may be in force from time to time.

The Netherlands

The Notes (including rights representing an interest in the global note that represents the Notes) may not be offered or sold to individuals or legal entities in The Netherlands unless (i) a prospectus relating to the offer is available to the public which is approved by the Dutch Authority for the Financial Markets (*stichting Autoriteit Financiele Markten*) or by a competent supervisory authority of another Member State of the EEA or (ii) an exception or exemption applies to the offer pursuant to article 5:3 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (the "FSA") or article 53 paragraph 2 or 3 of the Exemption Regulation FSA, for instance due to the offer targeting exclusively qualified investors (*gekwalificeerde beleggers*) within the meaning of article 1:1 FSA.

Switzerland

This Offering Memorandum does not constitute a public offering prospectus as that term is understood pursuant to Article 652a of the Swiss Code of Obligations. The Issuer has not applied for a listing of the Notes on the SWX Swiss Exchange and, consequently, the information presented in this Offering Memorandum does not necessarily comply with the information standards set out in the relevant listing rules. The Notes may not be publicly offered or sold in Switzerland. The Notes may be offered or sold only to a selected number of individual investors in Switzerland, under circumstances which will not result in the Notes being a public offering within the meaning of Article 652a of the Swiss Code of Obligations. Each copy of this Offering Memorandum is addressed to a specifically named recipient and shall not be passed to a third party.

Belgium

The Offering is exclusively conducted under applicable private placement exemptions and therefore this Offering Memorandum and the Offering have not been and will not be notified to, and any other offering material relating to the offering has not been, and will not be, approved by the Belgian Financial Services and Markets Authority pursuant to the Belgian laws and regulations applicable to the public offering of securities. Accordingly, the Notes, this Offering Memorandum as well as any other materials relating to the Offering may not be advertised, offered or distributed in any other way, directly or indirectly, (i) to any other person located and/or resident in Belgium other than in circumstances which do not constitute an offer to the public in Belgium pursuant to the Belgian Act of 16 June 2006 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market or pursuant to the Belgian Act of 20 July 2004 on certain forms of collective management of investment portfolios or (ii) to any person qualifying as a consumer within the meaning of the Belgian Act of 6 April 2010 on market practices and consumer protection, unless such sale is made in compliance with this Act and its implementing regulation.

This Offering Memorandum has been issued to the intended recipient for personal use only and exclusively for the purpose of the Offering. Therefore, it may not be used for any other purpose, nor passed on to any other person in Belgium.

Republic of Ireland

The Notes may only be offered or sold to the public in the Republic of Ireland or underwritten or placed in conformity with the provisions of: (i) the Prospectus (Directive 2003/71/EC) Regulations 2005 and the Investment Funds, Companies and Miscellaneous Provisions Act 2005 (as amended); (ii) the European Communities (Markets in Financial Instruments) Regulations 2007 as amended, including, without limitation, Regulations 7 and 152 thereof and any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998 and (iii) the Central Bank Acts 1942 to 2010 and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989 and (iv) the Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES, ANNOTATED 1995, AS AMENDED, WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO CAYMAN INVESTORS

NEITHER THIS OFFERING MEMORANDUM NOR ANY OTHER OFFERING MATERIAL MAY BE DISTRIBUTED TO THE PUBLIC IN THE CAYMAN ISLANDS AND SHALL NOT BE INTERPRETED AS AN INVITATION TO THE PUBLIC IN THE CAYMAN ISLANDS TO PURCHASE OR SUBSCRIBE FOR THE NOTES. NON-RESIDENT OR EXEMPTED COMPANIES AND CERTAIN OTHER NON-RESIDENT OR EXEMPTED ENTITIES ESTABLISHED IN THE CAYMAN ISLANDS AND ENGAGED IN OFFSHORE BUSINESS MAY, HOWEVER, BE PERMITTED TO PURCHASE OR SUBSCRIBE FOR THE NOTES.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statement include, but are not limited to, all statements other than statements of historical facts contained in this Offering Memorandum, including, without limitation, those regarding Viridian's intentions, beliefs or current expectations concerning, among other things, its future financial conditions and performance, results of operations and liquidity; its strategy, plans, objectives, prospects, growth, goals and targets; future developments in the markets in which it participates or is seeking to participate; and anticipated regulatory changes in the industry in which it operates. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "project", "should" or "will" or, in each case, their negative, or other variations or comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Viridian cautions you that forward-looking statements are not guarantees of future performance and that its actual financial condition, results of operations and cash flows, and the development of the industry in which it operates, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Memorandum. In addition, even if its financial condition, results of operations and cash flows, and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to, those relating to:

- decreases in the demand for energy due to decreases in economic activity in Northern Ireland and the RoI;
- difficulty managing liquidity with increases in electricity and natural gas prices;
- growing competition causing loss of customers and depressed margins;
- surplus capacity resulting in lower profitability;
- the introduction of new, and the continuing compliance with, complex and costly governmental regulations;
- decreasing infra-marginal rent or capacity payments and regulatory impacts;
- volatility in the electricity, natural gas, coal, CO_2 or foreign exchange markets;
- decreased utilisation at the Huntstown plants;
- ineffective hedging against changes in commodity prices and market utilisations;
- dislocations of the credit and capital markets;
- counterparty risk in relation to hedging and risk management activities;
- the inability to maintain relationships with suppliers, regulatory authorities, customer advocacy groups and customers;
- the primary reliance on Huntstown 1 and Huntstown 2 for power generation;
- mechanical failure, equipment malfunction and technological breakdowns of equipment used to generate electricity;
- the inability to adapt to changes in technology;
- capital expenditure requirements consuming cash from operations or borrowings;
- the risk of employees and agents acting outside Viridian's policies and procedures;
- the cost of complying with environmental laws and regulations;
- the risk of pollution from Viridian's facilities leading to environmental liabilities;
- safety and material health liabilities;
- fluctuations in market prices of electricity and the availability of generators;
- reduction or abandonment of governmental support for renewable energy sources;
- variations in the amount of electricity generated by owned and contracted wind farms;
- development risks associated with wind farms;
- PPB's contracts being terminated by the NIAUR;
- disruptions in the transmission of natural gas and electricity;
- the inability to undertake services currently performed under Viridian's transitional services agreement with NIE;
- obligations to ESB with respect to its disposal of NIE;
- inadequacy of insurance policies;
- increases in the rates of applicable taxes;

- litigation or legal proceedings causing exposure to significant liabilities or reputational damage;
- sensitive customer data being compromised;
- the inability to attract and retain key personnel;
- increases in cost of labour and work stoppages;
- the interests of Viridian's principal shareholder being inconsistent with the interests of the holders of the Notes;
- additional pension scheme funding requirements or the inadequate funding of the pension scheme;
- the issuance of a "financial support direction" or "contribution notice" by the UK Pensions Regulator in respect of the pension scheme;
- terrorist attacks and other acts of violence or war;
- risks associated with Viridian's substantial indebtedness and its obligations related to project finance facilities;
- risks associated with Viridian's structure;
- risks associated with the offering of the Notes; and
- the inability to generate sufficient cash and/or raise additional financing.

The foregoing factors and others described under "Risk Factors" should not be construed as exhaustive. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. Viridian urges you to read this Offering Memorandum, including the sections entitled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" for a more complete discussion of the factors that could affect Viridian's future performance and the industry in which it operates.

Any forward-looking statements are only made as at the date of this Offering Memorandum and, except as required by law or the rules and regulations of any stock exchange on which the Notes are listed, Viridian undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to Viridian or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Memorandum, including those set forth under "Risk Factors".

MARKET AND INDUSTRY DATA

In this Offering Memorandum, reference is made to information regarding Viridian's business and the market in which it operates and competes. The market data and certain economic and industry data and forecasts used in this Offering Memorandum were obtained from governmental and other publicly available information, independent industry publications and reports prepared by industry consultants, including NERA Economic Consulting. In addition to the foregoing, certain information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to Viridian contained in this Offering Memorandum were based on estimates prepared by management based on certain assumptions and management's knowledge of the industry in which Viridian operates. While the Issuer and the Guarantors accept responsibility for accurately extracting, reproducing and summarising this market and industry data, neither the Issuer nor the Guarantors accept any further responsibility in respect of such information. Industry publications and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Management has not independently verified such data and cannot guarantee their accuracy or completeness.

In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market related analyses and estimates, requiring Viridian to rely on its own internally developed estimates regarding the energy industry, its position in the industry, its market share and the market shares of various industry participants based on management's experience, management's own investigation of market conditions and management's review of industry publications, including information made available to the public by Viridian's competitors. Neither Viridian nor the Initial Purchasers can assure you of the accuracy and completeness of, or take responsibility for, such data. Similarly, while management believes its internal estimates to be reasonable, these estimates have not been verified by any independent sources and neither Viridian nor the Initial Purchasers can assure you as to their accuracy or the accuracy of the underlying assumptions used to estimate such data. Viridian's estimates involve risks and uncertainties and are subject to change based on various factors.

PRESENTATION OF FINANCIAL DATA AND NON-GAAP MEASURES

Unless otherwise indicated, the financial information presented in this Offering Memorandum is the historical consolidated financial information of Viridian. The consolidated financial statements of Viridian have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP"). This Offering Memorandum contains: (i) the consolidated financial statements of Viridian as of and for the years ended 31 March 2011 and 31 March 2010 (the "Consolidated Financial Statements"); and (ii) the unaudited condensed consolidated financial statements of Viridian as of and for the nine-month periods ended 31 December 2011 and 31 December 2010 (the "Interim Consolidated Financial Statements" and, together with the Consolidated Financial Statements, the "Financial Statements"). The Consolidated Financial Statements have been audited by Ernst & Young LLP ("Ernst & Young"), and their auditor's reports thereon are included herein. The auditor's report for Fiscal Year 2011 states that, while the opinion of Ernst & Young contained therein is not modified, Ernst & Young have also considered the adequacy of the disclosure in note 2 to the Consolidated Financial Statements concerning the Group's ability to continue as a going concern. The conditions described in note 2 indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. See note 2 to the Consolidated Financial Statements.

For purposes of this Offering Memorandum, the year ended 31 March 2011 is referred to as "Fiscal Year 2011" and the year ended 31 March 2010 is referred to as "Fiscal Year 2010". The nine-month period ended 31 December 2011 is referred to as the "First Nine Months 2012" and the nine-month period ended 31 December 2010 is referred to as the "First Nine Months 2011".

This Offering Memorandum also includes unaudited consolidated *pro forma* financial data which has been adjusted to reflect certain effects of the Offering, the Refinancing and related transactions on the financial position and financial results of Viridian, as at and for the 12 months ended 31 December 2011. The unaudited consolidated *pro forma* financial data has been prepared for illustrative purposes only and does not purport to represent what Viridian's actual consolidated financial position would have been if such transactions had occurred at 1 January 2011 or 31 December 2011, nor does it purport to project Viridian's consolidated financial position at any future date. The unaudited *pro forma* adjustments and the unaudited *pro forma* financial data set forth in this Offering Memorandum are based on available information and certain assumptions and estimates that Viridian believes are reasonable and may differ materially from the actual adjusted amounts.

The financial information for the 12 months ended 31 December 2011 is unaudited and has been calculated by aggregating the results of operations data for Fiscal Year 2011 and First Nine Months 2012 and subtracting the results of operations data for First Nine Months 2011.

On 21 December 2010, Viridian disposed of its interest in Northern Ireland Electricity Limited ("NIE"), the Northern Ireland electricity networks business, to ESBNI Ltd. ("ESBNI"), a wholly owned subsidiary of the Electricity Supply Board (the "ESB"), for total compensation (including the repayment of intragroup debt and the assumption of external debt) of approximately £1.2 billion. As part of the disposal, Viridian also disposed of certain associated companies of NIE, including NIE Powerteam Limited ("Powerteam") and Powerteam Electrical Services (UK) Limited ("Powerteam Electrical Services"), which provide electrical construction and maintenance services. As a result, the Financial Statements present the results of the businesses which were sold to ESBNI as "discontinued operations" in the Group's profit and loss account and in certain notes to the Group's cash flow statement. To the extent practicable, the consolidated financial information extracted from the Financial Statements and included elsewhere in this Offering Memorandum is presented on the basis of the continuing operations of the Group. However, certain line items from the Financial Statements cannot be divided between continuing and discontinued operations. Therefore, a full comparison of the results of the Group's continuing operations for Fiscal Year 2011 and Fiscal Year 2010, and for First Nine Months 2012 and First Nine Months 2011 is not possible.

The financial information included in this Offering Memorandum includes certain measures that are not accounting measures within the scope of UK GAAP which Viridian uses to assess the financial performance of its businesses, including Adjusted Operating Profit, Adjusted EBITDA and Adjusted Restricted Group EBITDA. Adjusted Operating Profit refers to operating profit from continuing operations before goodwill amortisation and exceptional items based on regulated entitlement, and is therefore subject to an adjustment for over/under-recovery representing the amount by which Viridian's regulated businesses over- or under-recovered against their regulated entitlement. The exceptional items excluded from this measure include the pension settlement charge following the sale of NIE and the Carbon Revenue Levy, each of which are discussed elsewhere herein. Adjusted EBITDA refers to Adjusted Operating Profit before deducting depreciation and amortisation. Adjusted Restricted Group EBITDA refers to Adjusted EBITDA after applying adjustments to eliminate the EBITDA of Viridian's owned renewables assets and to exclude advisory fees paid to Arcapita. Management believes that Adjusted Operating Profit, Adjusted EBITDA and Adjusted Restricted Group EBITDA are relevant measures for assessing Viridian's performance because they are adjusted for certain items which are non-recurring or which management believes are not indicative of Viridian's underlying operating performance. For example, the pension settlement charge results from the sale of NIE and the Carbon Revenue Levy was implemented on 1 July 2010 and is only scheduled to run until 31 December 2012. Management believes that the adjustment for over/under-recovery, which is presented in note 3 to the Consolidated Financial Statements and note 2 to the Interim Consolidated Financial Statements, better presents the financial performance of Virdian's regulated businesses, which would otherwise be distorted by the timing impact of Viridian's payments to, or collection from, customers and suppliers in relation to over- or under-recovery in respect of NIE Energy's regulated entitlement. Management believes that Adjusted Restricted Group EBITDA is a relevant measure for bondholders because certain covenants contained in the Indenture are calculated on the basis of "Consolidated EBITDA", which will exclude earnings contributed by Viridian's owned renewables assets and expenses associated with advisory fees paid to Arcapita. See "Description of the Notes—Certain Definitions".

Adjusted Operating Profit, Adjusted EBITDA, Adjusted Restricted Group EBITDA and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing Adjusted Operating Profit, Adjusted EBITDA and Adjusted Restricted Group EBITDA as reported by Viridian to Adjusted Operating Profit, Adjusted EBITDA and Adjusted Restricted Group EBITDA as reported by other companies. You should not consider Adjusted Operating Profit, Adjusted EBITDA or Adjusted Restricted Group EBITDA as alternatives to (a) operating profit from continuing operations (as determined in accordance with UK GAAP) as a measure of Viridian's operating performance, (b) cash flows from operating, investing and financing activities as a measure of its ability to meet its cash needs or (c) any other measures of performance or liquidity under UK GAAP. Adjusted Operating Profit, Adjusted EBITDA and Adjusted Restricted Group EBITDA have limitations as analytical tools, and you should not consider them in isolation, or as substitutes for an analysis of Viridian's results as reported under UK GAAP.

Some of the limitations for Adjusted Operating Profit, Adjusted EBITDA and Adjusted Restricted Group EBITDA are:

- they do not reflect Viridian's cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, Viridian's working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments, on Viridian's debts;
- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often need to be replaced in the future and, in the case of Adjusted EBITDA, Adjusted EBITDA margins do not reflect any cash requirements that would be required for such replacements; and
- some of the exceptional items that Viridian eliminates in calculating Adjusted Operating Profit, Adjusted EBITDA and Adjusted Restricted Group EBITDA reflect cash payments that were made, or will in the future be made.

A reconciliation of Adjusted Operating Profit, Adjusted EBITDA and Adjusted Restricted Group EBITDA to operating profit from continuing operations is presented in "Selected Financial and Other Information".

Certain amounts and percentages included in this Offering Memorandum have been rounded. Accordingly, in certain instances, the sum of the numbers in a column of a table may not exactly equal the total figure for that column.

The financial information included in this Offering Memorandum is not intended to comply with the applicable accounting requirements of the U.S. Securities Act and the related rules and regulations of the SEC which would apply if the Notes were being registered with the SEC.

CERTAIN DEFINITIONS

- “AER” refers to the Alternative Energy Requirement scheme, a renewables support scheme which pre-dated REFIT.
- “Adjusted EBITDA” refers to Adjusted Operating Profit before deducting depreciation and amortisation.
- “Adjusted Restricted Group EBITDA” refers to Adjusted EBITDA after applying adjustments to eliminate EBITDA relating to Viridian’s owned renewables assets and to exclude advisory fees paid to Arcapita.
- “Arcapita” refers to funds managed or advised by Arcapita Bank B.S.C.(c), or any of its affiliates, from time to time investing, directly or indirectly, in the Issuer.
- “BGE” refers to Bord Gáis Éireann.
- “Board” refers to the board of directors of Viridian Group Limited.
- “Bridge Loan” refers to the loan incurred on the Escrow Release Date by WindCo for the purpose of refinancing the Participation Loan (or as a result of a novation of amounts outstanding under the Participation Loan).
- “CCGT” refers to a Combined-Cycle Gas Turbine, which generates electricity using both a gas turbine and a steam turbine. With CCGT technology, a gas turbine generates electricity and heat. The exhaust heat from this gas turbine is then used to make steam, which, in turn, drives a separate steam turbine that generates additional electricity. This technology enhances the efficiency of electricity generation and is utilised at Viridian’s Huntstown plants.
- “CER” refers to the Commission for Energy Regulation in the RoI.
- “CfDs” refers to contracts for differences. A CfD consists of an agreement between two parties to exchange the difference in value of a particular currency, commodity, share or index and is settled based on the difference between the strike price and the actual, realised market price at settlement. Viridian’s electricity businesses enter into CfDs with third-party electricity generators and suppliers to hedge against volatility in electricity prices.
- “CO_2” refers to carbon dioxide.
- “CPI” refers to the Consumer Price Index maintained by the Office for National Statistics for the UK and the Central Statistics Office for the RoI.
- “CPM” refers to the Capacity Payment Mechanism under the SEM whereby payments are made to generators for maintaining capacity available to generate electricity, if required. The CPM is designed to ensure that sufficient electricity generation capacity is made available to maintain security of supply at the desired level. For further discussion of the CPM in relation to Viridian, see “Industry Overview”.
- “Carbon Revenue Levy” refers to the levy imposed by Section 40E of the Electricity Regulation Act 1999 (inserted by Section 3 of the RoI Electricity Regulation (Amendment) (Carbon Revenue Levy) Act of 2010), which generally requires electricity generators to pay to the CER a levy on such amount of the revenues received during the levy period by the generator concerned through participation in the SEM, as is attributable to the emissions from each installation operated by it. In summary, the amount of the levy is calculated according to a formula which involves multiplying the total applicable emissions from the relevant generators during the relevant period by the average daily price for carbon allowances for the levy period. The amount resulting from this formula is then multiplied by 65% so as to produce a final amount due by the generator.
- “Cash Participation Amount” refers to £63.6 million from the proceeds of the Offering, together with an additional £14.7 million equity contribution from Arcapita and £9.0 million of cash held at Viridian Group Holdings Limited, which will be used to repay a portion of the Participation Loan outstanding under the Participation Agreement.
- “Collateral” refers to the first-ranking security interests over substantially all of the assets of the Issuer and the Subsidiary Guarantors.

- “Consolidated Financial Statements” refers to the consolidated financial statements of Viridian as of and for the years ended 31 March 2011 and 2010, which have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and have been audited by Ernst & Young.

- “Constraint Payments” refers to compensation paid to generators who are scheduled to produce electricity but have not been dispatched or who are dispatched without having being scheduled.

- “DCENR” refers to the Department for Communications, Energy and Natural Resources in the RoI.

- “Declaration of Trust” refers to the declaration of trust dated on or around 21 February 2012, under the terms of which the Share Trustee holds the Issuer’s issued shares.

- “DETI” refers to the Department for Enterprise, Trade and Investment in Northern Ireland.

- “Dollar” or “U.S. Dollar” or “$” means the lawful currency of the United States of America.

- “EAL” refers to ElectricInvest Acquisitions Limited.

- “EBITDA” refers to earnings before interest, taxes, depreciation and amortisation.

- “ECL” refers to ElectricInvest (Cayman) Limited.

- “EEA” refers to the European Economic Area.

- “ESB” refers to Electricity Supply Board, the state-owned, historical incumbent electricity utility in the RoI.

- “ESBNI” refers to ESBNI Ltd., a wholly owned subsidiary of the ESB.

- “EU” refers to the European Union.

- “Eirgrid” refers to Eirgrid plc, the TSO in the RoI.

- “Electric Ireland” refers to Electric Ireland (formerly ESB Independent Energy, or ESBIE)

- “English Subsidiary Guarantor” refers to EI Ventures Limited.

- “Escrow Accounts” refers to the accounts into which the gross proceeds of the Offering will be deposited pursuant to the terms of the Escrow Agreement.

- “Escrow Agent” refers to the agent under the Escrow Agreement.

- “Escrow Agreement” refers to the escrow deed to be entered into on the Issue Date in respect of the deposit of the gross proceeds of the Offering in the Escrow Accounts.

- “Escrow Longstop Date” refers to the date falling seven business days after the Issue Date.

- “Escrow Release Date” refers to the date on which all of the conditions under the Escrow Agreement are satisfied and the funds in the Escrow Accounts are released to the Issuer.

- “euro”, “EUR” and “€” means the single currency of the participating member states of the EU participating in the third stage of economic and monetary union pursuant to the Treaty on the Functioning of the EU, as amended or supplemented from time to time.

- “Euro Facility” refers to Viridian’s euro-denominated project finance facility available to fund its RoI operational and in-construction wind farm assets.

- “EWP” refers to Eco Wind Power Limited.

- “Existing Intercreditor Agreement” refers to the intercreditor agreement dated 24 October 2006, as amended and restated from time to time, between, among others, EAL and Commerzbank

Aktiengesellschaft, Filiale Luxemburg (formerly known as Dresdner Bank AG, Niederlassung Luxemburg) as senior agent and junior agent.

- "Existing Senior Credit Agreement" refers to the Senior Facilities Agreement originally dated 24 October 2006, as amended from time to time, between, among others, EAL, EI Ventures Limited, ElectricInvest Holding Company Limited, Viridian Group Limited, Viridian Energy Limited, Huntstown Power Company Limited, Viridian Power Limited, Viridian Group Investments Limited (formerly ElectricInvest III Limited), ElectricInvest (Lux) ROI S.à r.l., VPEHL and Commerzbank Aktiengesellschaft, Filiale Luxemburg (formerly known as Dresdner Bank AG, Niederlassung Luxemburg) for a principal amount of £1,377 million.

- "Existing Senior Credit Facilities" refers to the term and revolving facilities made available under the Existing Senior Credit Agreement.

- "Financial Statements" refers to the Consolidated Financial Statements and the Interim Consolidated Financial Statements.

- "First Nine Months" refers to the nine-month period ending 31 December in any particular Fiscal Year.

- "Fiscal Year" refers to a fiscal year ending 31 March.

- "GUAs" refers to Generating Unit Agreements, where generators contract with PPB to make their generating units available in return for the receipt of availability payments. If a contracted generator is required to generate electricity, it also receives payments to cover the cost of fuel used and carbon certificates (net of the value of certain allowances allocated under the National Allocation Plan).

- "GWh" refers to Gigawatt hours (1GWh equals 1,000MWhs).

- "Generation Capacity Statement 2012–2021" refers to the Generation Capacity Statement 2012-2021 published by EirGrid.

- "Group" refers to Viridian Group Investments Limited, a company incorporated under the laws of the Cayman Islands, and its subsidiaries.

- "Guarantees" refers to the guarantees of the Notes by the Guarantors.

- "Guarantors" refers to the Parent Guarantors and Subsidiary Guarantors, collectively.

- "HFO" refers to Heavy Fuel Oil.

- "Huntstown" refers to VP&E's Huntstown operations, comprising two CCGT plants (Huntstown 1 and Huntstown 2) with a combined generation capacity of 747MW located on the outskirts of Dublin.

- "ICA Amendment and Restatement Agreement" means the amendment and restatement agreement dated on the Escrow Release Date, between, among others, VGHL and Commerzbank Aktiengesellschaft, Filiale Luxemburg, relating to the Existing Intercreditor Agreement.

- "Indenture" refers to the indenture governing the Notes dated on the Issue Date by, among other parties, the Issuer and the Trustee, to which the Guarantors acceded on the Escrow Release Date.

- "Initial Purchasers" refers to Deutsche Bank AG, London Branch, The Royal Bank of Scotland plc, Barclays Bank PLC, Commerzbank AG and UBS Limited.

- "Intercreditor Agreement" refers to the intercreditor agreement, dated on 17 March 2012, between, among others, the Issuer, the Guarantors, the Trustee, the RCF Agent and the Security Agent, and "Intercreditor Agreements" refers to the Intercreditor Agreement and the Existing Intercreditor Agreement.

- "Interim Consolidated Financial Statements" refers to the unaudited condensed consolidated financial statements of Viridian as of and for First Nine Months 2012 and First Nine Months 2011.

- "Ireland" refers to both Northern Ireland and the RoI, collectively, and references to "all-island" shall be construed accordingly.

- “Issue Date” refers to the date on which the Notes are hereby issued.

- “Issuer” refers to Viridian Group FundCo II Limited, the issuer of the Notes.

- “Issuer Transfer Date” refers to the date on which the issued shares of the Issuer are transferred to Viridian Group FundCo I Limited.

- “JFA Amendment and Restatement Agreement” means the amendment and restatement agreement dated on the Escrow Release Date between VGHL and Commerzbank Aktiengesellschaft, Filiale Luxemburg, relating to the Junior Credit Facility Agreement.

- “Junior Credit Facility” refers to the term facility made available under the Junior Credit Facility Agreement.

- “Junior Credit Facility Agreement” refers to the Junior Credit Facility Agreement originally dated 24 October 2006, as amended from time to time, between ElectricInvest Holding Company Limited and Commerzbank Aktiengesellschaft, Filiale Luxemburg (formerly known as Dresdner Bank AG, Niederlassung Luxemburg) for a principal amount of £500 million.

- “Junior Lenders” refers to lenders under the Junior Credit Facility Agreement.

- “kV” refers to kilovolts.

- “KW” refers to Kilowatts.

- “KWh” refers to Kilowatt hours.

- “LEC” refers to a Levy Exemption Certificate. Under a UK scheme, non-domestic end users of energy are required to (i) pay a Climate Change Levy (“CCL”) per MWh of energy purchased or consumed or (ii) purchase renewable electricity from qualifying renewable sources that are exempt from the CCL. These end users, instead of purchasing physical power, can also purchase LECs. LECs can be redeemed by suppliers and then, in turn, by Ofgem to demonstrate the amount of electricity exempt from the CCL that has been supplied to non-domestic customers.

- “LEU” refers to large energy users, which are large consumers of electricity and natural gas. In the RoI electricity industry, LEUs include “demand customers”, or those that demand electricity from the grid, and that are connected to the grid at a voltage level above 10kV. In the Northern Ireland electricity industry, LEU customers are classified as those that demand electricity from the grid and are connected to the grid at a voltage level above 1MW. For gas in the RoI, the LEU category includes customers eligible for the Regulated Tariff Formula (“RTF”). RTF customers are industrial and commercial customers that consume between 5.3GWh and 264GWh of gas *per annum*.

- “LOCs” refers to letters of credit.

- “LTMA” refers to a fixed price long-term management agreement with Siemens at Huntstown 1 for the gas turbine and specialist maintenance services and parts relating to the station.

- “LTSA” refers to a long-term services agreement between Huntstown 2 and Mitsubishi Corporation for services, including the provision of planned maintenance, spares, performance monitoring, parts management, support services and expert advice in relation to specifically described critical plant components within the plant over a period of up to either 12 annual events of planned maintenance or 108,800 equivalent operating hours (EOH) from initial firing.

- “Luxembourg Paying Agent” refers to The Bank of New York Mellon (Luxembourg) S.A., a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg, with registered office at 2, rue Eugène Ruppert, L-2453 Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 67654.

- “MW” refers to Megawatts.

- “MWh” refers to Megawatt Hours (1MWh equals 1,000KWh).

- “Merit Order” refers to the ranking of available sources of electrical generation, in ascending order of their short-run marginal costs of production, so that those plants with the lowest marginal costs are the first plants to be included in the market schedule to meet demand, and those plants with the highest marginal costs are the last to be included in the market schedule to meet demand. Generators that are included in the market schedule receive energy payments in the SEM, which include the SMP, for their market schedule quantity (less a Constraint Payment equal to their avoided short-run marginal cost if they are not dispatched). A favourable position in the Merit Order is, therefore, beneficial because it ensures that a generator will be scheduled more often, at which times it will earn infra-marginal rent (the difference between its short-run marginal cost and the SMP) whether or not it is dispatched. See “Industry Overview” for more information.

- “NBP” refers to the National Balancing Point, a virtual trading location for natural gas in the UK market.

- “NERA” refers to NERA Economic Consulting.

- “NIAUR” refers to the Northern Ireland Authority for Utility Regulation.

- “NIE” refers to Northern Ireland Electricity Limited.

- “NIE Energy” refers to Power NI Energy Limited (formerly NIE Energy Ltd).

- “NIEES” refers to NIE Energy Supply, the former name of Power NI. NIEES was rebranded as Power NI on 25 July 2011, primarily due to the requirements of the EU’s third legislative package (IME3) and the sale of NIE by Viridian.

- “National Allocation Plan” refers to the UK plan that defines the basis on which allocations of free greenhouse gas emission allowances will be made to individual generators covered by the Emissions Trading Scheme, an EU-wide allowance-trading scheme designed to promote reductions of greenhouse gas emissions, particularly CO_2.

- “Notes” refers to the £404.9 million aggregate principal amount (or equivalent thereof) of the Issuer’s euro-denominated $11^1/_8$% Senior Secured Notes due 2017 and U.S. Dollar-denominated $11^1/_8$% Senior Secured Notes due 2017 offered hereby.

- “O&M” refers to Operations and Maintenance.

- “Offering” refers to the offering of the Notes hereby.

- “Ofgem” refers to the Office of the Gas and Electricity Markets, which is the regulator for the electricity and downstream natural gas markets in Great Britain.

- “PIK” refers to payment-in-kind.

- “PPA” refers to a Power Purchase Agreement, which is a contract between a party that generates electricity (the seller) and a party that purchases such electricity (the buyer). Viridian’s Renewables (PPA) business regularly enters into PPAs with generators of renewable energy, including Viridian’s wholly owned wind farms. The PPAs of each power station contracted to NIE Energy’s Power Procurement Business, or PPB, comprise two forms of agreement: (i) a Power Station Agreement, or PSA, relating to the station’s operation; and (ii) a number of GUAs, one relating to each individual generating unit within the power station so contracted.

- “PPB” refers to the Power Procurement Business of NIE Energy.

- “PRISM” refers to a computerised maintenance management system to identify and control maintenance requirements at Huntstown 1.

- “PSO” refers to a Public Service Obligation, which is a levy charged at a flat rate from time-to-time on all units of electricity demand (measured in KWhs). Different PSOs apply in Northern Ireland and in the RoI.

- “PSO Levy” refers to a levy in respect of PSOs which is charged at a flat rate from time to time on all units of electricity demand (measured in KWhs). Different PSOs apply in Northern Ireland and the RoI.

- “Parent Guarantees” refers to the guarantees of the Notes by the Parent Guarantors.

- "Parent Guarantors" refers to Viridian Group Investments Limited and Viridian Group FundCo I Limited.

- "Participation Agreement" refers to the funded participation agreement originally dated 6 May 2011 as amended between DB Global Markets and Centennial pursuant to which DB Global Markets agreed to grant Participation Interests to Centennial in certain Junior Debt commitments acquired by DB Global Markets in the secondary market. See "Summary—The Refinancing".

- "Participation Loan" refers to the deferred portion of the purchase price payable by Centennial to DB Global Markets for participation interests in the Junior Debt acquired by DB Global Markets in the open market.

- "Power NI" (formerly known as NIEES), is a business unit of NIE Energy and is the regulated incumbent electricity supplier for Northern Ireland.

- "Principal Paying Agent" refers to The Bank of New York Mellon.

- "Project Finance Subsidiaries" refers to subsidiaries of Viridian which own wind farm assets and are party to non-recourse project finance facilities, specifically EWP and VRL.

- "RCF Agent" refers to the creditor representative of the lenders under the Revolving Credit Facility Agreement.

- "REFIT" refers to the Renewable Energy Feed-In Tariff Scheme in the RoI, a renewable support mechanism pursuant to which suppliers are compensated for the additional costs of purchasing electricity from renewable sources over and above a reference market price for electricity, allowing suppliers to enter into PPAs with renewable generators that guarantee a minimum floor price for the generators.

- "RO" refers to the UK Renewable Obligation scheme, which requires electricity suppliers in the UK to source a targeted percentage of supplied electricity from renewable sources.

- "ROC" refers to a Renewable Obligation Certificate, a fully tradable certificate issued to an accredited generator for eligible renewable electricity generated within the UK and supplied to customers within the UK by a licenced electricity supplier.

- "RoI" refers to the Republic of Ireland.

- "RWE" refers to RWE AG.

- "Refinancing" refers, collectively, (i) to the Offering and the application of the proceeds thereof as described under "Use of Proceeds", (ii) to the purchase of a portion of the Junior Credit Facility and (iii) to the transactions related thereto, as described in "Summary—The Refinancing".

- "Registrar" refers to The Bank of New York Mellon (Luxembourg) S.A.

- "Restricted Group" refers to the Group other than the Project Finance Subsidiaries.

- "Restricted Subsidiary" refers to any Subsidiary of the Issuer that is not an Unrestricted Subsidiary as defined in "Description of the Notes".

- "Revolving Credit Facility" refers to the facility made available under the Revolving Credit Facility Agreement.

- "Revolving Credit Facility Agreement" refers to the revolving credit facility dated on the date of this Offering Memorandum, between Viridian Group Limited and Viridian Power and Energy Holdings Limited, as original borrowers, the Guarantors, as original guarantors, Deutsche Bank AG, London Branch, The Royal Bank of Scotland plc, UBS Limited, Barclays Capital, the investment banking division of Barclays Bank PLC and Commerzbank Aktiengesellschaft, as arrangers, Deutsche Bank AG, London Branch, as agent, The Bank of New York Mellon, as security agent, and certain other financial institutions, as lenders.

- "SEM" refers to the Single Electricity Market, which commenced on 1 November 2007 being a gross mandatory pool market into which all electricity generated in, or imported into, Ireland must be sold, and from which all wholesale electricity for consumption in or exported from Ireland must be purchased. Generators under a 10MW *de minimis* capacity may elect not to participate in the SEM.

- “SEMO” refers to the Single Electricity Market Operator.

- “SME” refers to small- to medium-sized enterprises and consists of all consumers of electricity and natural gas in Northern Ireland and the RoI other than residential customers and LEU customers. In the electricity markets of both jurisdictions, SMEs include all non-residential customers that are not large enough (either by the voltage level or size of connection) to be classified as LEUs, which in practice captures the majority of small and medium-sized industrial and commercial customers. In the RoI gas industry, the SME category includes, in practice, all non-residential customers with consumption below the RTF threshold. For a discussion of the RTF threshold, see the definition of “LEU” above.

- “SMP” refers to the system marginal price at which all generators sell and all suppliers buy electricity to and from the SEM pool for each trading period. The SMP generally reflects the short-run marginal cost of generation for the last generating plant in the merit order required to meet electricity demand in that trading period.

- “SONI” refers to SONI Limited, the TSO in Northern Ireland, which was previously a wholly owned subsidiary of NIE.

- “Security Agent” refers to The Bank of New York Mellon.

- “Share Trustee” refers to Maples FS Limited, in its capacity as share trustee under the Declaration of Trust.

- “Sponsor” refers to funds owned, managed or advised by Arcapita.

- “Sterling”, “pounds sterling”, “GBP” or “£” refers to the lawful currency of the UK.

- “Sterling Facility” refers to Viridian’s sterling-denominated project finance facility available to fund its Northern Ireland operational and in-construction wind farm assets.

- “Subsidiary Guarantors” refers, collectively, to Viridian Group FundCo III Limited, EI Ventures Limited, Huntstown Power Company Limited, VPEHL, Viridian Power Limited, Viridian Energy Limited, Power and Energy Holdings (RoI) Limited, Viridian Group Limited, VPEL, Viridian Energy Supply Limited and ElectricInvest (Lux) ROI S.à r.l.

- “TSO” refers to Transmission System Operator.

- “TWh” refers to Terawatt hours (1TWh equals 1,000GWhs).

- “Trustee” refers to The Bank of New York Mellon.

- “UK” refers to the United Kingdom of Great Britain and Northern Ireland.

- “UK GAAP” refers to UK Generally Accepted Accounting Principles.

- “U.S. dollars”, “USD” and “$” refer to the lawful currency of the United States of America.

- “United States” or “U.S.” refers to the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

- “Unrestricted Subsidiary” has the meaning given to it in “Description of the Notes”.

- “VGPS” refers to the Viridian Group Pension Scheme (2011).

- “VP&E” refers to VPEHL, VPEL and each of their respective subsidiaries.

- “VPEL” refers to Viridian Power and Energy Limited.

- “VPEHL” refers to Viridian Power and Energy Holdings Limited.

- “VRL” refers to Viridian Resources Limited.

- “Viridian”, “we”, “us”, and “our” refers to Viridian Group Investments Limited, a company incorporated under the laws of the Cayman Islands, and its subsidiaries, unless otherwise specified or where the context suggests otherwise.

- “Wind Farm Reorganisation” means the disposal by Viridian of substantially all of its ownership interest in its portfolio of operating and in-construction wind farm assets, which comprise seven operational wind farms in the RoI with total capacity of approximately 44MW, and three in-construction wind farms (two in Northern Ireland and one in the RoI) with total capacity of approximately 59MW. Prior to the Escrow Release Date: (i) Viridian will form WindCo, a subsidiary of ElectricInvest I Limited (the parent entity of Viridian Group Holdings Limited), as the holding company for the Group’s operational, in-construction and RoI development wind farm assets; (ii) Viridian will transfer the assets comprising its pipeline of development assets in Northern Ireland held by VRL to a newly incorporated subsidiary of VPEHL and thereby retain such assets; and (iii) WindCo will acquire a 100% shareholding in VRL (the Project Finance Subsidiary holding the two in-construction Northern Ireland wind farms) and a 50% indirect shareholding in EWP (the Project Finance Subsidiary holding the seven operational and one in-construction RoI wind farms and development wind farm assets). As consideration for this transaction, VPEHL will receive an intercompany loan from WindCo, which will then be offset by a corresponding reduction in Viridian Group Holdings Limited’s subordinated shareholder loan to Viridian Group Investments Limited. Prior to, or concurrently with, the ultimate sale of the wind farm assets held by WindCo to a third party, the assets comprising Viridian’s pipeline of development assets in the RoI held by EWP are expected to be transferred back to a subsidiary of VPEHL for fair value in exchange for an increase in Viridian Group Holdings Limited’s subordinated shareholder loan to Viridian Group Investments Limited. Due to certain restrictions in EWP’s project finance documents, VPEHL is required to obtain the consent of the lenders under its project finance facilities prior to re-acquiring these assets. Viridian is also required to obtain the consent of its project finance lenders prior to disposing of more than a 50% direct ownership interest in EWP. Viridian intends to obtain such consent in order to (i) re-acquire the development assets held by EWP and (ii) dispose of some or all of its remaining interest in EWP following the Escrow Release Date. The proceeds raised from the ultimate sale of Viridian’s operational and in-construction wind farm assets to a third party will be used to repay the Bridge Loan. Excess proceeds, if any, will be used to repay indebtedness held by Junior Lenders (other than affiliates of Viridian’s parent entities) under the Junior Credit Facility Agreement. See “Summary—The Refinancing”.

- “WindCo” refers to a newly incorporated holding company for the Group’s operational, in-construction and RoI development wind farm assets. WindCo will be a subsidiary of ElectricInvest I Limited sitting outside the Viridian Group, which will acquire shareholdings in Viridian’s two current project finance subsidiary groups from VPEHL. On the Escrow Release Date, WindCo entered into the Bridge Loan.

EXCHANGE RATE AND CURRENCY INFORMATION

The following tables sets forth, for the periods set forth below, the high, low, average and period end Bloomberg Composite Rate expressed as euros per £1.00 and dollars per £1.00. The Bloomberg Composite Rate is a “best market” calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the Consolidated Financial Statements and other financial information appearing in this Offering Memorandum. None of the Issuer, the Guarantors nor the Initial Purchasers represents that the euro amounts referred to below could be or could have been converted into pounds sterling at any particular rate indicated or any other rate.

The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

The Bloomberg Composite Rate for euro against pounds sterling on 31 December 2011 was €1.1967 per £1.00.

	euro per £1.00			
Year	**High**	**Low**	**Average(1)**	**Period end**
2009	1.19	1.04	1.12	1.13
2010	1.24	1.10	1.17	1.17
2011	1.20	1.11	1.15	1.12

Month	**High**	**Low**	**Average(2)**	**Period end**
August 2011	1.15	1.13	1.14	1.13
September 2011	1.16	1.13	1.15	1.16
October 2011	1.17	1.13	1.15	1.16
November 2011	1.17	1.16	1.17	1.17
December 2011	1.20	1.16	1.19	1.20
January 2012	1.21	1.19	1.20	1.20
February 2012	1.21	1.18	1.19	1.19
March 2012	1.20	1.19	1.20	1.20
April 2012	1.23	1.20	1.22	1.23
May 2012	1.25	1.23	1.24	1.25
June 2012 (through 7 June 2010)	1.24	1.23	1.24	1.24

The Bloomberg Composite Rate for dollars against pounds sterling on 31 December 2011 was $1.5509 per £1.00.

	$ per £1.00			
Year	**High**	**Low**	**Average(1)**	**Period end**
2009	1.70	1.37	1.57	1.61
2010	1.64	1.43	1.55	1.56
2011	1.67	1.54	1.60	1.55

Month	**High**	**Low**	**Average(2)**	**Period end**
August 2011	1.66	1.62	1.64	1.63
September 2011	1.62	1.54	1.58	1.56
October 2011	1.61	1.54	1.58	1.61
November 2011	1.61	1.54	1.58	1.57
December 2011	1.57	1.54	1.56	1.55
January 2012	1.57	1.53	1.55	1.57
February 2012	1.59	1.57	1.58	1.59
March 2012	1.60	1.56	1.58	1.60
April 2012	1.63	1.58	1.60	1.62
May 2012	1.62	1.54	1.59	1.54
June 2012 (through 7 June 2012)	1.55	1.54	1.54	1.55

Notes:

(1) The average of the exchange rates on the last business day of each month during the relevant period.

(2) The average of the exchange rates on each business day during the relevant period.

SUMMARY

This summary highlights selected information about Viridian and about the Offering contained elsewhere in this Offering Memorandum. The following summary is not complete and does not contain all the information you should consider before investing in the Notes. The following summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information included elsewhere in this Offering Memorandum. Before making an investment decision, you should read this entire Offering Memorandum carefully, including the Consolidated Financial Statements and the notes thereto and the other financial information contained in this Offering Memorandum, as well as the risks described under the heading "Risk Factors". Certain defined terms used herein are defined elsewhere in this Offering Memorandum.

The Issuer is a special purpose exempted company incorporated under the laws of the Cayman Islands, the purpose of which is to consummate the Offering. Viridian, a company incorporated under the laws of the Cayman Islands, will, upon the Escrow Release Date, be a Guarantor. Viridian is the parent company of the Group.

Business Overview

Viridian is a leading vertically integrated electricity generation and supply utility, operating across Northern Ireland and the RoI. Viridian generates conventional electricity through its two CCGT electricity generation plants and sources renewable electricity through a portfolio of power purchase agreements, or PPAs, with third parties. Viridian also has a portfolio of owned wind farm assets that it is disposing substantially all of as part of the Refinancing, although it intends to retain its existing PPAs relating to those assets and will also retain a pipeline of other renewables projects in development. Viridian intends to develop its pipeline of renewables projects, including the Northern Ireland development assets, which are expected to have a capacity of 12MWs, and the RoI development assets, which are expected to have a capacity of 68MWs, as this represents an important element of Viridian's strategy to maintain a leading position as a PPA provider. Viridian participates in the unregulated procurement and supply of electricity across Northern Ireland and the RoI and in the regulated procurement and supply of electricity in Northern Ireland. In the 12 months ended 30 September 2011, Viridian was the number one supplier of electricity in Northern Ireland (with a 64% market share) and the joint number two supplier of electricity in the RoI (with an 18% market share). As of 31 December 2010, Viridian was the number two generator of electricity by capacity on an all-island basis, both owned and provided under PPAs (with an 18% market share).

Viridian also supplies natural gas to business customers, principally in the RoI, where, in the 12 months ended 30 September 2011, it was the number two supplier of gas to business customers (with a 19% market share of LEUs and a 22% market share of SMEs).

Viridian operates through two main businesses, VP&E and NIE Energy. Viridian's turnover from continuing operations and Adjusted EBITDA for the 12 months ended 31 December 2011 was £1,783.8 million and £110.6 million, respectively.

VP&E

VP&E operates as a vertically integrated energy business consisting of competitive electricity supply to business customers in both Northern Ireland and the RoI through Energia, its retail supply business, backed by electricity generation from its two Huntstown CCGT plants, long-term PPAs with third party renewable generators and owned wind farm assets. VP&E also supplies natural gas to business customers, principally in the RoI. VP&E's turnover from continuing operations and Adjusted EBITDA for the 12 months ended 31 December 2011 was £1,046.4 million and £88.2 million, respectively. VP&E operates through the following business units:

Huntstown

Huntstown comprises two CCGT plants (Huntstown 1 and Huntstown 2) located on the outskirts of Dublin with a total combined generation capacity of 747MW. Taken together, Huntstown 1 and Huntstown 2 are able to supply approximately 11% of peak demand or approximately 32% of business demand on an all-island basis (based on estimated peak demand of approximately 7,000MW). As required by market regulation, Huntstown sells the electricity it generates into the all-island single electricity market, or SEM pool, for which it receives energy payments, which are based on the system marginal price, or SMP, as well as certain other payments, such as Constraint Payments. The SMP is received by all generators that the market operator has scheduled to produce electricity during that trading period, and reflects the marginal cost of the last generating unit called to meet demand. Huntstown also receives capacity payments, based on the generation capacity it makes available to the SEM, under the Capacity Payment Mechanism, or CPM, which was established by the regulatory authorities as part of the SEM design to provide an incentive to generators, such as Huntstown, to invest in generation capacity. In Fiscal Year 2011, energy payments and capacity payments represented, respectively, 84.3% and 14.6% of Huntstown's total turnover and in First Nine Months 2012, energy payments and capacity payments represented, respectively, 84.4% and 14.3% of Huntstown's total turnover.

VP&E commissioned Huntstown 1, a 343MW CCGT plant, in November 2002 and Huntstown 2, a 404MW CCGT plant adjacent to Huntstown 1, in October 2007. Huntstown 1 and Huntstown 2 are modern CCGT plants and, in management's view, are among the most reliable conventional plants in Ireland, as evidenced by their high availability levels since being commissioned, with Huntstown 1 achieving a historical average availability of approximately 94% between 2002 and 2010 and Huntstown 2 achieving a historical average availability of approximately 95% between 2007 and 2010, each according to management estimates. These factors have historically resulted in high utilisation levels (on average, 71% in First Nine Months 2012, 82% in Fiscal Year 2011 and 95% in Fiscal Year 2010). The recent reduction in utilisation rates at these plants reflects the full-year impact of the additional capacity of the Aghada and Whitegate CCGT plants, commissioned in April 2010 and November 2010, respectively, increased load factors of renewables and, most recently, the reduction in the cost of carbon. This reduction in the cost of carbon has improved the position of one of Ireland's coal generation plants relative to Huntstown 1 and Huntstown 2 in the SEM merit order and may do so in the future when and if the marginal cost of coal generation plants is lower than that of gas generation plants. However, the impact to VP&E of this reduction in utilisation rates has been, and management expects it to continue to be, substantially offset by the consistently high availability levels of Huntstown 1 and Huntstown 2, which supports the receipt of capacity payments, higher margins earned on the sale of electricity to Energia's customers and the expansion of Viridian's Renewables (PPA) business, which has also benefited from the increased load factors mentioned above.

Energia

Energia is VP&E's unregulated retail supply business. Energia supplies electricity to business customers in Northern Ireland and the RoI almost entirely with electricity it purchases from the SEM pool, and supplies natural gas to business customers, principally in the RoI. Additionally, as part of its hedging strategy, Energia undertakes wholesale electricity, natural gas and carbon procurement activities on behalf of VP&E.

In the 12 months ended 30 September 2011, Energia was, by volume, the second largest energy supplier in Ireland, with 28% of the business electricity market and 12% of the natural gas market on an all-island basis. In the 12 months ended 30 September 2011, based on publicly available information, management estimates Energia to be the second largest unregulated business electricity supplier in Northern Ireland by volume, with 30% market share in the LEU segment and 26% market share in the SME segment, and the joint second largest electricity supplier in the RoI by volume, with 22% market share in the LEU segment and 35% market share in the SME segment. Energia has also captured a significant share of the natural gas supply market in the RoI since entering that market in 2005 and was, by volume, the largest unregulated natural gas supplier in the 12 months ended 30 September 2011, supplying 19% of the LEU market and 22% of the SME market. As of 31 December 2011, Energia supplied electricity to approximately 62,000 customer sites and natural gas to approximately 4,800 customer sites.

Renewables

VP&E's renewable energy business benefits from a supportive regulatory regime that provides incentives for investments in renewable energy. Renewable energy continues to be a key priority in Northern Ireland and the RoI, with both jurisdictions targeting 40% of electricity generation from renewable sources by 2020. VP&E operates its renewables business through two separate divisions, Renewables (PPA) and Renewables (Owned Assets), as discussed in further detail below.

<u>Renewables (PPA)</u>

VP&E's Renewables (PPA) business purchases renewable electricity through long-term power purchase agreements, or PPAs, with third party wind farm operators, other generators of renewable energy and Viridian-owned wind farms. Electricity purchased from generators with capacity greater than 10MW is sold into the SEM, while electricity purchased from generators with capacity of less than 10MW may be sold directly to Energia. The Renewables (PPA) business provides independent wind farm developers with bankable and competitive PPAs, which generally last for a period of 15 years, reflecting the financing period required for wind farm investments, and, in the RoI, the conditions for the relevant support mechanisms. Other than the five older Viridian-owned wind farms acquired by Viridian in 2008 (which have a combined generation capacity of 24MW) and one third party PPA (which has a generation capacity of 5MW), Viridian's renewable PPAs benefit from renewable support mechanisms in Northern Ireland and the RoI, which are designed to encourage the development of renewable energy.

PPAs are a pre-requisite for renewable generators in the RoI to benefit from the relevant support mechanisms and to underpin the generators' financing arrangements. The Renewables (PPA) business generates a margin on the sale of energy produced by renewables generators with minimal investment of capital. Older PPAs in Northern Ireland are based on a fixed price, while some of the newer Northern Ireland PPAs are variable price contracts. In the RoI, PPAs have historically been based on a fixed price, with some newer PPAs including a variable price element.

As of 31 December 2011, VP&E had PPAs in place in respect of 446MW of renewable capacity in operation, comprising third party wind farm operators in respect of 403MW of capacity, VP&E owned wind farms in respect of 39MW of capacity and third party operators of other renewable sources of energy in respect of 4MW of capacity. Management estimates that, at 31 December 2011, VP&E's PPAs with operational renewable generators represented approximately 20% of the currently operational renewable generation capacity in Ireland. In addition, as of 31 December 2011, VP&E had PPAs in place with wind farms in construction and/or development in respect of 382MW of capacity.

Operational wind farms in Ireland collectively sit at the top of the SEM merit order, which means they are the first to be brought online by the system operator to provide electricity to the market due to their priority dispatch status. As a result, wind farms are typically dispatched ahead of conventional electricity generators.

Renewables (Owned Assets)

The Renewables (Owned Assets) business currently represents the direct investment by Viridian in seven operational wind farms and eight planned wind farms across Ireland. Of the seven operational wind farms, two were constructed by Viridian and five were acquired through Viridian's purchase of EWP in 2008. The eight planned wind farms are in various stages of development, but are expected to commence operations between 2012 and 2014. As of 31 December 2011, VP&E's Renewables (Owned Assets) business had operational capacity totalling 44MW and had capacity under construction totalling 59MW. VP&E also had capacity of 80MW in various stages of development. Viridian's owned wind farms are subject to project finance arrangements on a ring-fenced basis, without recourse to the rest of the business.

As part of the Refinancing, Viridian is effecting the Wind Farm Reorganisation which entails the disposal of substantially all of its ownership interest in its seven operating and three in-construction wind farms assets. Viridian will retain the PPAs relating to the wind farm assets it disposes of and will also retain a pipeline of other renewables projects in development. Viridian expects to retain its current development team to manage these development projects. While Viridian's development pipeline is not part of this proposed disposal, Viridian may hold discussions with interested parties regarding a potential sale of assets in the development pipeline as and when such assets become operational. For further details about this transaction, see "—The Refinancing" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Sale of Viridian's Portfolio of Operating and In-Construction Wind Farm Assets".

Viridian intends to develop its pipeline of renewables projects, including the Northern Ireland development assets, which are expected to have a capacity of 12MWs, and the RoI development assets, which are expected to have a capacity of 68MWs, as this represents an important element of Viridian's strategy to maintain a leading position as a PPA provider.

NIE Energy

NIE Energy is the regulated supply and electricity procurement business of Viridian in Northern Ireland. NIE Energy operates through two business units, Power NI and PPB. For the 12 months ended 31 December 2011, NIE Energy generated £746.6 million in turnover from continuing operations and £25.5 million in Adjusted EBITDA based on, or, after taking into account the adjustments for over/under recovery against, their regulated entitlement. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Power NI

Power NI is the regulated, incumbent electricity supplier for Northern Ireland. As of 31 December 2011, Power NI supplied electricity to approximately 721,000 homes and businesses and management estimates that, in the 12 months ended 30 September 2011, Power NI had a 92% share of the residential market and a 16% share of the business market, in each case, by volume. As a regulated business, Power NI is subject to price control which permits it to recover an allowance calculated by reference to its forecasted operating costs at the time of the relevant price control, plus an allowed margin based on a percentage of forecasted regulated turnover.

PPB

Like Power NI, PPB is subject to price control, which entitles it to an allowance (effectively a management fee) for the administration and management of a portfolio of PPAs with three power stations in Northern Ireland (Ballylumford, Kilroot and Coolkeeragh). The PPAs are a legacy of the restructuring of the electricity industry in Northern Ireland, which was effected in 1992 as part of the privatisation of the previously publicly owned Northern Ireland Electricity Service.

As of 31 December 2011, PPB held contracts for 1,012MW of generating capacity. PPB makes availability payments to contracted generators when they are available to generate electricity, and, if a unit generates electricity, further payments are made to meet its fuel and carbon costs (net of the value of any free carbon allocation received under the National Allocation Plan).

In the administration of its PPAs, PPB acts as an intermediary in the SEM, which means that PPB sells the capacity contracted and the electricity purchased under the PPAs into the SEM and receives SEM revenues (*i.e.*, capacity payments and energy payments) attributable to that capacity and electricity in return. PPB also offers CfDs to SEM participants and sells ancillary services, such as operational reserve and voltage support, to the Northern Ireland transmission system operator, SONI.

If the revenue that PPB receives from the SEM pool and through the sale of ancillary services is insufficient to cover its total costs incurred under the PPAs (*e.g.,* availability payments and energy payments, among others), any shortfall can be recovered via PSO charges collected by NIE on behalf of PPB through the PSO Levy that is charged to suppliers and passed on to customers. Conversely, PPB is also required to return any surplus revenue it receives. Electricity and natural gas price volatility is hedged through CfDs based on SMP and through commodity hedging.

Competitive Strengths

Management believes that the following are among Viridian's key competitive strengths:

A vertically integrated utility with a natural hedge against movements in energy prices

VP&E's vertically integrated structure (comprising both electricity generation and supply) provides Viridian with a number of competitive advantages.

- Huntstown sells the electricity it generates to, and Energia purchases most of the electricity it supplies from, the SEM pool. VP&E accordingly benefits from a natural hedge against SMP volatility due to the extent of the overlap of generated and purchased electricity. In First Nine Months 2012, Energia's customer demand was 4.2TWh, with generation of 3.7TWh coming from VP&E's thermal and renewables portfolio, which represents approximately 88% of Energia's demand requirements.

- The natural hedge between generation and supply, along with Viridian's other hedging activities (*i.e*., gas, carbon, foreign exchange and CfDs), allows Energia to offer fixed price terms to certain customers, which substantially mitigates Viridian's exposure to the effects of changes in SEM pool prices. This natural hedge also reduces the extent to which Viridian is required to post collateral in connection with its purchase of electricity from the SEM pool.

- Vertical integration also allows Viridian to leverage its position as a generation and supply utility to capture available margins in all parts of the value chain. For example, Viridian has been able to combine its experience in procuring natural gas for its Huntstown plants with its sales experience with commercial customers to build a sizeable retail natural gas business. This has created an opportunity to derive further margins by optimising natural gas capacity procurement, which is required both for Viridian's Huntstown plants and for its retail natural gas business.

Highly defensible leading market positions

Viridian has leading market positions in the majority of its regulated and unregulated electricity supply businesses. Viridian's integrated business model provides it with an advantage over non-integrated competitors along the value chain, which enables Viridian to defend its strong market positions in unregulated electricity supply in both Northern Ireland and the RoI. The absence of integration represents a barrier to market entry in the supply business, and Viridian's various value-added products and services provide a further competitive advantage.

Power NI is the regulated, incumbent electricity supplier in Northern Ireland with, based on management estimates, a 92% share of the residential market and a 16% share of the Northern Ireland business market by volume in the 12 months ended 30 September 2011. Management believes that customer switching rates in the residential market will remain low due to the relatively low regulated margin, the limited possibility for competitors to offer dual-fuel products (*i.e.*, the ability to make a combined offer to supply both electricity and natural gas) in a market with limited natural gas penetration and relatively high customer acquisition costs. Power NI's excellent customer service record and low service costs also promote customer loyalty.

Based on publicly available information, management believes Energia to be the second largest unregulated business electricity supplier in Northern Ireland by volume, with a 30% market share in LEUs and 26% in SMEs and the joint second largest supplier in the RoI, with a 22% market share in LEUs and 35% market share in SMEs in the 12 months ended 30 September 2011. Energia has also captured a significant share of the natural gas supply market in the RoI since entering that market in 2005, and, in the 12 months ended 30 September 2011, was the largest unregulated natural gas supplier by volume, supplying 19% of the LEU market and 22% of the SME market. Energia has a diversified customer base ranging from single- and multi-site SMEs, to large public sector entities, including public (municipal) authorities and large multinational corporations diversified across multiple sectors such as retail, telecommunications, manufacturing and pharmaceuticals. During its almost 12 years of operation in Northern Ireland and 11 years in the RoI, Energia has managed to grow market share in the business market through a strong key account management team servicing larger customers, and a dedicated sales agent channel for smaller customers. Energia offers a range of value-added products and other services, including a sophisticated online data management tool and an energy efficiency service, both of which are designed to save administration costs and manage energy consumption for its customers.

Management believes that the risk of significant customer attrition resulting from new competitors entering the market in the near- to medium-term is low due to Viridian's low cost base, attractive value-added customer offerings, the current lack of liquidity in the market for SEM CfDs and the fact that Viridian's customer prices change regularly to reflect commodity price movements. Furthermore, according to the Generation Capacity Statement 2012–2021, the only new CCGT capacity expected to come online during the near term, the 459MW Endesa plant, will have its firm access to the grid limited to 216MW until 2021. As a result, any new supplier looking to create a sizeable market position in the near term would likely need to do so without establishing a significant power generation capability, which would entail significant commercial risk.

Modern and efficient electricity generation plants

Through its Huntstown business unit, Viridian owns and operates two modern CCGT electricity generation plants (Huntstown 1 and Huntstown 2), each of which benefits from high efficiency and low CO_2 emissions. The Huntstown plants have a combined generation capacity of 747MW and are able to supply approximately 11% of peak electricity demand or approximately 32% of business demand on an all-island basis (based on estimated peak demand of approximately 7,000MW). The Huntstown plants are subject to long-term service agreements with their turbine manufacturers. Both plants have experienced high availability levels since being commissioned, with Huntstown 1 achieving a historical average availability of approximately 94% between 2002 and 2010 and Huntstown 2 achieving a historical average availability of approximately 95% between 2007 and 2010. These high availability levels serve to support Viridian's earnings and cash flow through the receipt of capacity payments. The plants have also experienced high utilisation rates historically, averaging 71% in First Nine Months 2012, 82% in Fiscal Year 2011 and 95% in Fiscal Year 2010. The recent reduction in utilisation rates of Huntstown 1 and Huntstown 2 reflects the full-year impact of the additional capacity of the Aghada and Whitegate CCGT plants, commissioned in April 2010 and November 2010, respectively, increased load factors of renewables and, most recently, the reduction in the cost of carbon. This reduction in the cost of carbon has improved the position of one of Ireland's coal generation plants relative to Huntstown 1 and Huntstown 2 in the SEM merit order and may do so in the future when and if the marginal cost of coal generation plants is lower than that of gas generation plants. This reduction has been mitigated by the high availability levels at both plants which supports the receipt of capacity payments, higher margins on the sale of electricity to retail customers, and the expansion of Viridian's Renewables (PPA) business, which has benefited from the increased load factors referred to above. See "Business—Viridian's Business Units—VP&E—Huntstown—Operational performance of Huntstown 1 and Huntstown 2".

Resilient cash flow generation throughout the economic cycle

Despite the challenging economic environment in recent years, Viridian has been able to deliver strong cash flow generation, evidenced by a high EBITDA to free cash flow conversion rate underpinned by a number of factors, including the following:

- A significant portion of Viridian's Adjusted EBITDA is derived from Power NI and PPB's regulated businesses. Power NI and PPB are subject to price control, which allows them to recover an allowance calculated by reference to their forecasted operating costs at the time of the relevant price control and residual depreciation plus an allowed margin. In addition, generators like Huntstown benefit from the CPM which provides a "regulated-like" income stream in that the CPM provides income based on plant availability as opposed to on the basis of actual plant output.

- Viridian's modern and efficient generation assets and renewable PPAs occupy an attractive position across the merit order. Furthermore, the Huntstown plants are subject to long-term service agreements with their turbine manufacturers and, therefore, benefit from predictable maintenance costs.

- Viridian's cash flows are protected against volatility in SMP prices through the natural hedge provided by its vertically integrated business model, as well as through CfDs with ESB and other parties. Viridian also proactively hedges its exposure to commodity prices and foreign exchange through derivative financial instruments and engages in the forward physical purchase of CO_2 emissions allowances.

- Energia and Power NI have historically been successful at maintaining low bad-debt levels with their supply customers. For Fiscal Year 2011, their bad debt to turnover ratio was less than 0.5%. This was achieved through proactive credit management, including a focus on creditworthiness at the time of customer acquisition, and the use of pre-pay keypads (in Fiscal Year 2011, approximately 23% of Power NI's customers (by value) paid using pre-paid keypads) and direct debit payment plans (in Fiscal Year 2011, approximately 70% of Energia's customers (by value) and approximately 41% of Power NI's customers (by value) paid using a direct debit payment plan). In addition, Viridian further reduces the risk of customers defaulting by using credit insurance in respect of certain customers.

In addition to the above, Viridian's cash flows are protected by its strong market positions across its businesses and the barriers to entry, as described above under the heading "—Highly defensible leading market positions".

Strong position in renewables

Renewable energy continues to be a key priority for Northern Ireland and the RoI. Both jurisdictions target 40% of electricity to be generated from renewable sources by 2020, compared to the year ended 31 December 2010, when 12% of Ireland's electricity was generated from renewable sources. To meet these targets both jurisdictions have implemented regimes to incentivise renewable generation capacity.

The RoI has implemented the Renewable Energy Feed In Tariff, or REFIT, which effectively provides floor price protection to generators of renewable electricity by compensating suppliers for the additional cost of purchasing power from renewable sources over and above an inflation indexed reference price for electricity, thereby allowing such suppliers to offer a guaranteed floor price to generators.

In line with the UK regime for supporting renewable energy, Northern Ireland has established "Renewable Obligations" that require electricity suppliers to procure a certain proportion of electricity from renewable sources. Renewable generators are awarded free ROCs based on MWhs of electricity generated. ROCs can be traded and are fully fungible in the UK, and their value is supported by a buyout price, which is indexed to inflation, and the fact that the level of the renewable obligations is set at a level that is higher than the expected output from the available renewable generation capacity. Suppliers, such as VP&E, receive ROCs under PPAs upon their purchase of renewable energy or buy them in case of a shortfall against their renewable obligation. Suppliers with insufficient ROCs are required to pay the buyout price, and the value of buyout payments is redistributed to electricity suppliers in proportion to the number of ROCs held in order to ensure that the value of the ROCs remains at a premium to the buyout price.

These mechanisms provide support to the operating results of Viridian's Renewables businesses. Access to renewable support mechanisms is expected to continue to underpin the performance of renewable generation. Viridian expects to continue to benefit from these support mechanisms as its Renewables (PPA) business develops. A further benefit from Viridian's strong position in renewables is the fact that, under the SEM, wind farms sit at the top of the SEM merit order and are generally entitled to "priority dispatch", which generally means wind farms are dispatched whenever they are capable of generating electricity.

VP&E's Renewables (Owned Assets) business had operational capacity totalling 44MW as of 31 December 2011, and currently has a further 139MW in various stages of development and/or construction, with approximately eight sites expected to commence operations over the next three years. Although Viridian is effecting the Wind Farm Reorganisation, it will retain its existing PPAs relating to those assets and will also retain a pipeline of other renewables projects in development. Viridian intends to develop its pipeline of renewables projects, including the Northern Ireland development assets, which are expected to have a capacity of 12MWs, and the RoI development assets, which are expected to have a capacity of 68MWs, as this represents an important element of Viridian's strategy to maintain a leading position as a PPA provider. See "—The Refinancing" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Sale of Viridian's Portfolio of Operating and In-construction Wind Farm Assets".

As of 31 December 2011, VP&E's Renewables (PPA) business had operational PPAs in place with capacity of 446MW, and it has PPAs in place with wind farms and generators of other renewable sources that are currently in construction and/or development in respect of 382MW of capacity. According to data from the Irish Wind Energy Association, Viridian was expected to have PPAs in place with 63% (by MW) of the wind generation built in the RoI over the course of 2011.

Strong management with proven track record

The collective industry knowledge and leadership of Viridian's management team and their record of accomplishment in responding to challenging economic conditions are key assets to the business. Viridian's senior management team consists of five individuals with over 70 years of combined experience with Viridian, and over 78 years of experience in the energy industry. They were a core part of the Viridian team that oversaw the successful growth in generation capacity, including the commissioning of Huntstown 1 in 2002 and Huntstown 2 in 2007, which were both delivered on time and within budget; and they have successfully completed Viridian's first two wind farm construction projects, which commenced commercial operations in October 2010 and August 2011. Additionally, the team developed the Energia supply business into one of the largest independent suppliers in Ireland, while also building up the Renewables (PPA) business. The team also established and developed the NIE Energy businesses on a stand-alone basis, preparing them for their formal carve-out from NIE in 2007 and successful operation thereafter. The team is highly regarded throughout the industry, has excellent relationships with regulators and government departments and has been directly involved in the strategic development of the energy markets in which it operates.

Strategy

Viridian is focused on leveraging its integrated business model to maintain and enhance its position as a leading independent all-island energy utility and to capture available margin arising in all parts of the value chain. Management is focused on the following five strategic objectives underpinning Viridian's strategy.

Improve profitability and maintain stable cash flows

Viridian seeks to improve profitability by actively managing its wholesale portfolio and achieving efficiencies in its cost base. For example, it seeks to optimise its procurement of natural gas for Huntstown by balancing this procurement function with the supply of natural gas to Energia's retail gas customers. Viridian also seeks to exploit margin opportunities through trading related to the Moyle Interconnector and contracts with third party suppliers, and to reduce its cost base.

Management is also focused on optimising Viridian's customer base by increasing the proportion of its customer base represented by small businesses and pursuing customers and customer segments with higher credit quality in order to maintain a low level of outstanding customer debts compared to its industry peers. Viridian plans to continue to monitor and improve the creditworthiness of its customer base, while at the same time continually improving efficiency and customer service to retain and foster customer loyalty.

Viridian seeks to maintain stable cash flows by hedging its exposure to SEM prices by leveraging its integrated business model, which provides Viridian with a natural hedge, and by utilising CfDs with third-parties. Viridian also seeks to manage its exposure to commodity input costs (natural gas and carbon), and exchange rates through the use of hedging contracts and physical forward purchases.

Viridian maintains robust risk management policies with regard to, among other things, wholesale electricity prices, competition in the electricity generation and supply markets, availability of the Huntstown generation and owned wind farm businesses, regulation and legislation, and financial controls.

Maintain high availability of generation plants

Viridian seeks to maintain regulated-like capacity payment earnings through continued maintenance of its Huntstown plants to sustain the high availability achieved historically. The maintenance of the Huntstown plants is covered by long-term service agreements with their turbine manufacturers. Viridian expects the utilisation of the Huntstown plants to decrease as further generation plants, primarily those with wind capacity, come online. In addition, the recent decrease in carbon prices has reduced, and may further reduce, utilisation at the Huntstown plants. However, Viridian also expects that its growing access to renewable wind energy through PPAs will offset the financial impact of the reduced utilisation at Huntstown.

Continue to drive growth through expansion in renewables

Viridian continues to expand its presence in renewables by using its expertise and reputation to contract new PPAs with generators of renewable energy. Viridian has extensive internal development expertise, technical know-how and market knowledge, which it has developed primarily by integrating the skills of its existing management team and employees with those of EWP (who are expected to be retained following the sale of the operational wind farms), which Viridian acquired in 2008. Viridian strengthened this expertise by completing its first two wind farm construction projects in Fiscal Year 2011 and First Nine Months 2012 on budget. Viridian intends to exploit this expertise in order to complete further development projects in its renewables portfolio.

Although Viridian is effecting the Wind Farm Reorganisation, it will retain its existing PPAs relating to those assets and will also retain a pipeline of other renewables projects in development and expects to retain the development team from EWP. Viridian intends to develop its pipeline of renewables projects, including the Northern Ireland development assets, which are expected to have a capacity of 12MWs, and the RoI development assets, which are expected to have a capacity of 68MWs, as this represents an important element of Viridian's strategy to maintain a leading position as a PPA provider. To that end, Viridian intends to continue to expand its PPA business in Northern Ireland and the RoI through significant expansion of its Renewables (PPA) business, in part, by leveraging its experience as a developer of wind farm assets, which has provided it with significant market knowledge, industry contacts and credibility in the market. See "—The Refinancing" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Sale of Viridian's Portfolio of Operating and In-construction Wind Farm Assets".

Focus on customer retention

Viridian seeks to retain its customers through the provision of high quality customer service and key differentiating services and avoid competing solely on the basis of price. Viridian currently offers energy efficiency consulting services throughout Ireland and operates a dedicated key account management service for large consumption customers and a sales agent channel for smaller customers. Viridian currently supplies 97% of residential pre-pay keypad customers in Northern Ireland, offers a range of online billing and consumption monitoring services tailored to meet customer requirements and provides customers with access to the market if they operate micro-renewable generation, such as solar panels. In its effort to provide a competitive product offering to its customers, Viridian leverages its natural gas procurement activities for the Huntstown plants in combination with its sales expertise in order to provide a range of contract options to electricity customers, such as fixed price contracts, contracts indexed to market fuel, currency and carbon prices, and SEM price-based contracts. Viridian also offers natural gas contracts to industrial and other commercial customers.

Maintain active engagement with regulators and key lobby groups

Viridian seeks to maintain the stability of its regulated and regulated-like earnings through close interaction and constructive engagement with regulators, government departments and customer representatives. Viridian has long-standing relationships with regulatory bodies, such as the CER and the NIAUR, and engages closely with these entities in the regulatory process to ensure that enacted regulations are both fair and practical. Viridian plans to continue to engage closely with these entities on matters of regulation, competition, price and service in the future. Viridian is also an active member of a number of key industry groups, such as the Confederation of British Industry, Irish Business and Employers Confederation, Irish Wind Energy Association, Economic and Social Research Institute and National Electricity Association of Ireland, and is a founding member of the Energy Saving Trust.

History

The electricity industry in Northern Ireland was restructured through a privatisation programme that commenced in 1992 and which initially saw Northern Ireland's power stations being sold in a tender process to private investors on 1 April 1992. NIE was formed under this restructuring process and granted a licence on 31 March 1992 for: (i) the procurement of power under contract from power stations; (ii) ownership and operation of the transmission and distribution networks; and (iii) the public supply of electricity to end users. NIE was listed on the London Stock Exchange in June 1993.

In January 1998, the regulated and non-regulated parts of the business were decoupled and a number of subsidiary companies set up under a new holding company, Viridian Group PLC, which was then listed on both the London Stock Exchange and Dublin Stock Exchange. The new group established Energia in 1999 as an independent electricity supply company operating in both Northern Ireland and the RoI.

In December 2000, Viridian began construction of Huntstown 1, which commenced commercial operation in November 2002, and in July 2005 it began construction of Huntstown 2, which commenced commercial operation in October 2007.

Between 2002 and 2006, in order to focus on its core businesses, Viridian disposed of a number of assets which were not considered fundamental to its strategy, including Open & Direct (a consumer financial services business), Nevada (a telecommunications joint venture), the Moyle Interconnector (an electricity interconnector between Northern Ireland and Scotland) and Sx3 (a software and IT services business).

In December 2006, Viridian Group PLC was acquired by Arcapita, a Bahrain-based investment bank, and in August 2007, it was re-registered as a private company and its shares were de-listed from the London and Dublin stock exchanges.

Since 2006, Viridian has developed a substantial position in the newly competitive electricity supply markets in both Northern Ireland and the RoI. In April 2008, in furtherance of its strategy to increase its focus on renewable energy, Viridian acquired EWP and associated companies. From this acquisition, it obtained five wind farms. In addition, the first two wind farms, constructed by Viridian itself commenced commercial operation in October 2010 and August 2011.

In March 2009, Viridian disposed of SONI, the operator of the transmission system in Northern Ireland, for total compensation (including the repayment of intragroup debt) of £30 million in response to certain EU legislative measures aimed at separating networks from generation and supply activities.

In December 2010, Viridian sold its interest in NIE, the Northern Ireland electricity networks business, to ESBNI for total compensation, including the repayment of intragroup debt and the assumption of external debt, of approximately £1.2 billion. As part of the disposal, Viridian also sold certain associated companies of NIE, including Powerteam and Powerteam Electrical Services, which provide electrical construction and maintenance services, and on 25 July 2011 it rebranded NIEES, the regulated incumbent electricity supplier for Northern Ireland, as Power NI. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Recent Disposals”.

With the completion of these disposals, management believes that Viridian has developed into a balanced integrated generation and supply utility, well positioned to continue serving the all-island energy market. Going forward, Viridian will continue to focus on natural gas-fired and renewable electricity PPAs, competitive electricity and natural gas supply, regulated electricity supply and power procurement.

The Refinancing

As of 31 December 2011, Viridian had £449.8 million in aggregate principal amount of debt outstanding under the Existing Senior Credit Facilities (the “Senior Debt”), which was to mature on 22 November 2012, further to an 11 month extension agreed last year. As of 31 December 2011, Viridian’s parent, Viridian Group Holdings Limited, had £548.8 million in aggregate principal amount of debt outstanding under the Junior Credit Facility (the “Junior Debt”), which was to mature on 22 December 2012. Of the total amount of Junior Debt, £72.9 million in aggregate principal amount was held by certain affiliates of Viridian’s parent entities, and £293.5 million in aggregate principal amount of the Junior Debt was held by Deutsche Bank AG, London Branch (acting through its Global Markets Division) (“DB Global Markets”). As more fully described below, DB Global Markets acquired the Junior Debt it held in connection with a funded participation agreement (the “Participation Agreement”) originally dated 6 May 2011 as amended and restated with Centennial UK II Limited, an affiliate of Arcapita (“Centennial”). The remaining £182.4 million in aggregate principal amount of Junior Debt was held by other Junior Lenders. Viridian embarked on a comprehensive refinancing, referred to herein as the “Refinancing”, to repay fully the Senior Debt, refinance the amounts outstanding under the Participation Agreement, convert the Junior Debt into a payment-in-kind, or “PIK”, instrument with a term of eight years and enter into the Revolving Credit Facility. In connection with the Refinancing, £366.4 million in aggregate principal amount of Junior Debt held by certain affiliates of Viridian’s parent entities was consolidated into a single affiliate and that affiliate was contributed to the capital of Viridian Group FundCo III Limited.

Since the escrow release date, Viridian has received the proceeds of the Offering and has substantially completed the Refinancing. Accordingly, there is no longer “material uncertainty regarding the completion of the refinancing of the Group” as described in Note 1 to the Consolidated Financial Statements and Note 1 to the Interim Consolidated Financial Statements.

The Junior Debt

Pursuant to the Participation Agreement, DB Global Markets agreed to grant participation interests to Centennial in certain Junior Debt commitments acquired by DB Global Markets in the secondary market. DB Global Markets further agreed that the purchase price payable by Centennial to DB Global Markets in respect of those participation interests should be partially deferred (such deferred purchase price being referred to as the “Participation Loan”). DB Global Markets subsequently acquired commitments in the Junior Debt in an aggregate principal amount of £293.5 million for the purpose of onward participation to Centennial under the Participation Agreement (the “Reference Commitments”). Centennial’s purchase price obligation in respect of its participation interest in the Reference Commitments was partially satisfied by a utilisation of £117.3 million under the Participation Loan. Under the terms of the Participation Agreement, DB Global Markets retains full legal and equitable title to, and all interest in, the Reference Commitments and is entitled to retain such title and interest until such time as all amounts owed to it under the Participation Loan (including fees and accrued interest) are repaid in full.

The £72.9 million in aggregate principal amount of Junior Debt held by certain affiliates of Viridian’s parent entities and the Arcapita funded component of the purchase price under the Participation Agreement were paid for using a £103.5 million equity investment from Arcapita and a £113.3 million loan made by Viridian Group Limited to ElectricInvest (Cayman) Limited (“ECL”).

Following the consummation of the Offering, upon the release of funds from the Escrow Accounts and payment and discharge of the Participation Loan, Centennial (and/or its nominees(s)) will be elevated to lender of record status under the Junior Credit Facility in respect of the Reference Commitments (the "Elevation"). As a result, Viridian Group Holdings Limited will owe Centennial and certain other affiliates of Viridian's parent entities £366.4 million in aggregate principal amount of Junior Debt in their capacity as Junior Lenders. On the Escrow Release Date, £63.6 million from the proceeds of the Offering, together with an additional £14.7 million equity contribution from Arcapita and £9.0 million of cash held at Viridian Group Holdings Limited, will be used to repay a portion of the Participation Loan outstanding under the Participation Agreement. The remaining balance will effectively be converted into the Bridge Loan, as more fully described below.

On the Escrow Release Date, the £366.4 million in aggregate principal amount of Junior Debt owed by Viridian Group Holdings Limited to certain affiliates of Viridian's parent entities (including Centennial) will be consolidated into a single affiliate of Viridian's parent entities, ECL, and ECL will be contributed (the "Contribution") to the capital of Viridian Group FundCo III Limited. The £113.3 million owing by ECL to VGL will thus become intercompany debt (which will remain outstanding) within the Restricted Group. The Contribution will be effected by either an equity contribution or a sale of the shares in ECL to Viridian Group FundCo III Limited. In the event the Contribution is effected by way of a sale of the shares in ECL, an intercompany balance in the amount of £118.2 million will arise between Viridian Group FundCo III Limited and ElectricInvest Investments Limited, in the form of an intercompany loan. This intercompany balance will be effectively transferred to the Issuer, leaving an intercompany loan owed by Viridian Group FundCo III Limited which will remain outstanding, be subordinated to the Notes and form part of the Collateral. Upon the coming into effect of the amendments described under the heading "The Junior Credit Facility Agreement Amendment" below, ECL will renounce all rights to receive any cash payments until all third party Junior Lenders have been repaid and will also be disenfranchised (except for certain decisions affecting the Junior Debt it holds). Once the Contribution is completed, Viridian Group Holdings Limited will owe its subsidiary ECL, as a Junior Lender, £366.4 million in respect of the Junior Debt held by ECL. The remaining £182.4 million in aggregate principal amount of Junior Debt will continue to be held by other Junior Lenders.

The Junior Credit Facility Agreement Amendment

Immediately following the Elevation, in connection with converting the Junior Debt into a PIK instrument, the Junior Credit Facility Agreement will be amended (the "Junior Credit Facility Amendment") to, *inter alia*: (i) extend the maturity of the Junior Credit Facility until a date falling eight years after the Escrow Release Date; (ii) increase the interest rate and change the interest payment requirement under the Junior Credit Facility Agreement from cash-pay to a PIK instrument; (iii) replace existing covenants with covenants substantially similar to the covenants of the Notes; (iv) replace all information undertakings with information undertakings substantially similar to the information undertakings of the Revolving Credit Facility; (v) make all necessary amendments to the Junior Credit Facility Agreement to ensure that the Notes and the Revolving Credit Facility, and all hedging permitted thereunder (including all related guarantees), are permitted; (vi) amend the Junior Credit Facility Agreement to ensure that the Existing Senior Credit Facilities can be fully repaid without requiring any repayment under the Junior Credit Facility Agreement; (vii) delete all mandatory prepayment requirements under the Junior Credit Facility Agreement, with the exception of "Change of Control" (defined substantially similarly to the corresponding definition in the Notes), and the addition of mandatory prepayment requirements in respect of excess proceeds from the disposal of the Group's operational and in-construction wind farm assets, excess proceeds from the refinancing of the Notes, any other financial indebtedness incurred by VGHL in excess of £1 million and the net proceeds from the sale of any other assets by the Group (other than the operational and in-construction wind farm assets); (viii) allow the release of certain collateral currently securing obligations under the Junior Credit Facility; (ix) allow for the Contribution and allow for the issuance by any member of the Group to Arcapita, or any of its affiliates, of debt instruments that are subordinated to the Junior Credit Facilities in consideration of the Contribution and (x) provide Junior Lenders with second-ranking security over Viridian's portfolio of operating and in-construction wind farm assets. See "Description of Certain Indebtedness—Junior Credit Facility". In addition, the Existing Intercreditor Agreement will be amended to facilitate the Refinancing. Viridian has agreed with certain third party Junior Lenders to require the unanimous consent of Junior Lenders to amend the Junior Credit Facility Agreement and the Existing Intercreditor Agreement; provided that the requirement for unanimous consent may be waived with 95% Junior Lender approval in which case such amendments will require an affirmative vote of Junior Lenders holding at least $66^2/_3$% of outstanding debt under the Junior Credit Facility Agreement.

In the event that all Junior Lenders consent to the Junior Credit Facility Amendment, additional amendments will be made to the Junior Credit Facility Agreement including the tranching of the Junior Credit Facility into two separate facilities: Facility A and Facility B. Facility A will represent the commitments held by third party Junior Lenders and Facility B will represent the commitments held by, following the Contribution, ECL. Other amendments that will be incorporated into the Junior Credit Facility Agreement or the Existing Intercreditor Agreement in an unanimous consent scenario include:

(a) final maturity dates of eight and nine years after the Escrow Release Date for Facility A and Facility B, respectively;

(b) Facility A to rank senior to Facility B in right of repayment, prepayment and recoveries;

(c) no cash or PIK interest payable in relation to Facility B;

(d) no voting rights or information rights for holders of Facility B debt until Facility A is repaid in full;

(e) notification requirements on Junior Lenders of any assignment, transfer or sub-participation of commitments under Facility A;

(f) restrictions on any assignment, transfer or sub-participation of Facility B until Facility A has been repaid in full;

(g) restrictions on any debt purchases by VGHL and its subsidiaries, Arcapita and its Affiliates (including disenfranchisement of voting rights and information rights);

(h) defaulting lender and impaired agent provisions; and

(i) the option for Junior Lenders under Facility A to be repaid at 101% in case of change of control.

The process by which the agent under the Junior Credit Facility Agreement will obtain approval for the amendments described above (the "JFA Amendment") will begin concurrently with the Offering and will continue through the Escrow Release Date. The affiliates of Viridian's parent entities that currently hold Junior Debt have consented to the JFA Amendment, with such consent conditioned solely on the consummation of the Offering. The Elevation is expected to occur on the Escrow Release Date and Centennial has agreed to consent to the JFA Amendment upon Elevation. Therefore, upon Elevation, Junior Lenders holding 66.98% of the outstanding Junior Debt will have approved the JFA Amendment.

As more fully described under "Use of Proceeds" and "Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption", if the JFA Amendment is not given effect on, or prior to, the Escrow Longstop Date, or upon the occurrence of certain other events, the Notes will be redeemed at a price equal to 100% of the aggregate issue price of the Notes plus the amount of interest that would accrue on the Notes from the issue date of the Notes to the date of redemption.

Sale of Wind Farm Assets

As discussed further in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Sale of Viridian's Portfolio of Operating and In-construction Wind Farm Assets", as part of the Refinancing, Viridian is effecting the Wind Farm Reorganisation. The proceeds raised from Viridian's disposal of these assets will be used to repay the Bridge Loan (as defined below). The remaining amount (if any) will be used to partially prepay the Junior Credit Facility.

On the Escrow Release Date, the remaining amount outstanding under the Participation Loan following payment of the Cash Participation Amount were effectively converted into a renewable assets Bridge Loan in favour of WindCo, which is repaid upon the sale of Viridian's portfolio of currently operational and in-construction wind farm assets. The Bridge Loan will be non-recourse to the Restricted Group and will be secured by, inter alia, a limited-recourse share pledge over WindCo's ordinary shares as well as other security relating to Viridian's in-construction and operational wind farm assets.

Following the Refinancing, the maturity on Viridian's long-term debt will be February 2017 (in the case of the Notes) and August 2016 (in the case of the Revolving Credit Facility), and the maturity on the Junior Debt will be eight years after the Escrow Release Date.

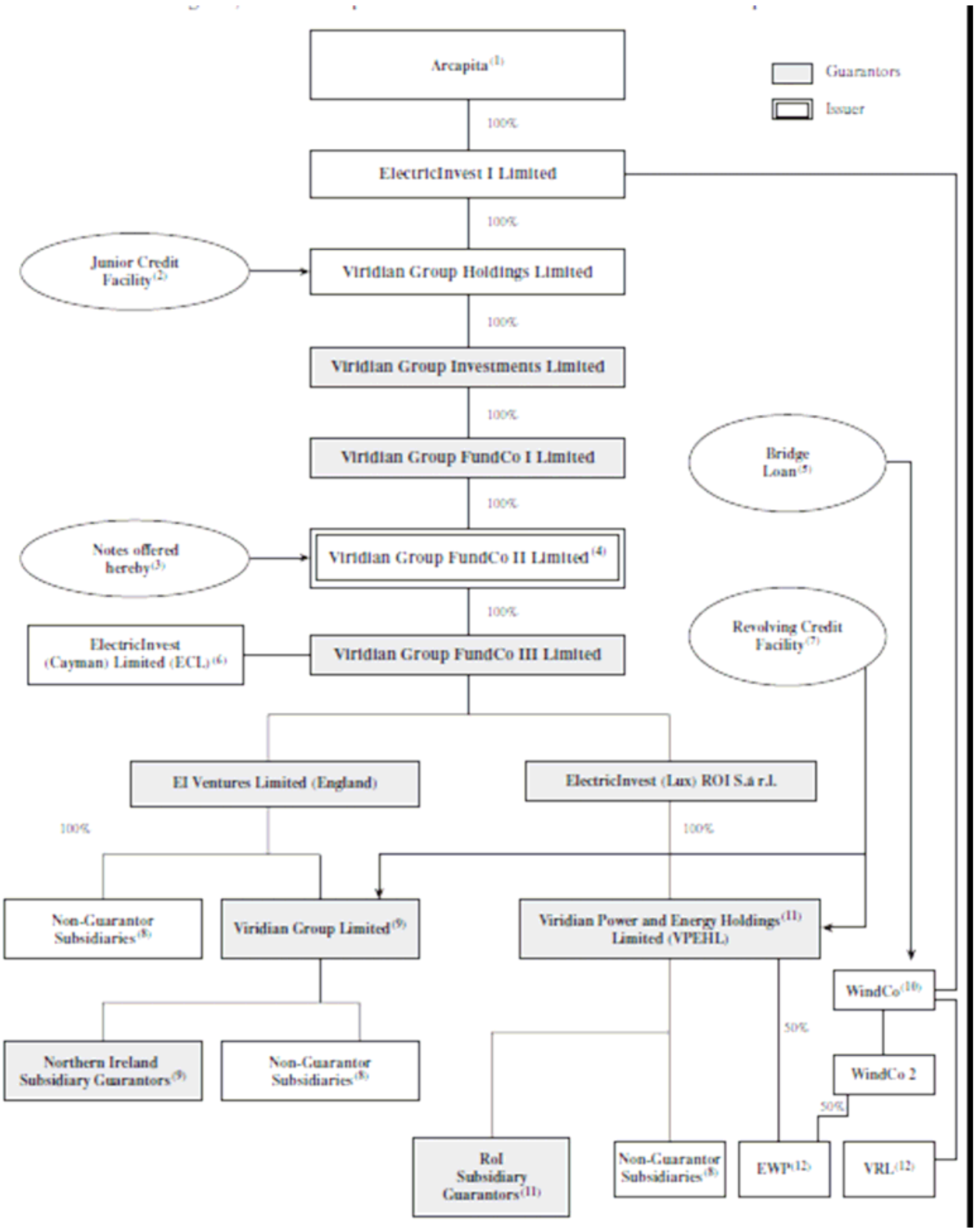
The Issuer

The Issuer is an exempted company and was incorporated under the laws of the Cayman Islands on 9 June 2011. The Issuer is a special purpose financing company for the primary purpose of facilitating the offering of the Notes and is owned 100% by the Share Trustee as share trustee pursuant to the shareholder trust established under the laws of the Cayman Islands in respect of the issued shares of the Issuer. The authorised share capital of the Issuer is £50,000 divided into 50,000 ordinary shares of par value £1.00 each, of which 250 shares are in issue. All of the issued shares of the Issuer are fully paid and are held by Maples FS Limited as share trustee (in such capacity, the "Share Trustee") under the terms of a declaration of trust dated 21 February, 2012 (the "Declaration of Trust"). These shares will constitute collateral upon the transfer of the shares to Viridian Group FundCo I Limited. The shares of the Issuer will be transferred to Viridian Group FundCo I Limited on the Issuer Transfer Date, which is expected to be the Escrow Release Date.

The Issuer has not had and, prior to the Issuer Transfer Date, will not have any material business operations or assets, other than its rights under the documents to be executed in connection with the offering of the Notes. The Issuer has not engaged in any business activities or incurred any material liabilities since the date of its incorporation, other than relating to this offering and transactions related thereto. Prior to the Issuer Transfer Date, the Issuer will be dependent on the Group for payments to be made, if any, under the Indenture, the Notes or the Security Documents. See "*Risk Factors—Risks Related to the Notes—The Issuer will be an unaffiliated special purpose financing company prior to the Issuer Transfer Date, and holders of the Notes will have limited recourse to the Issuer during this period*".

Summary Corporate and Financing Structure

The diagram below illustrates, in simplified form, the Group's corporate and financing structure after giving effect to the Refinancing and following the Escrow Release Date. The diagram does not include all entities in the Group, nor all of the debt obligations thereof. For more details on the debt obligations identified in this diagram, see "Description of Certain Indebtedness" and "Description of the Notes".



Notes:

(1) "Arcapita" refers to funds managed or advised by Arcapita or any of its affiliates, from time to time investing, directly or indirectly, in the Issuer. See "Principal Shareholders".

(2) As of 31 December 2011, Viridian's parent, Viridian Group Holdings Limited, had £548.8 million in aggregate principal amount of Junior Debt. In connection with the Refinancing, certain affiliates of the Issuer's parent entities and DB Global Markets pursuant to the Participation Loan (on behalf of an affiliate of Arcapita), acquired participations in the Junior Debt with an aggregate principal amount equal to £366.4 million using a £103.5 million equity investment from Arcapita made between April and September 2011, the Participation Loan and £113.3 million loaned by Viridian to ECL. ECL will renounce all rights to receive any cash payments until all third party Junior Lenders have been repaid and will also be disenfranchised (except for certain decisions affecting the Junior Debt it holds). See "—The Refinancing" and "Description of Certain Indebtedness—Junior Credit Facility". The remaining £182.4 million in aggregate principal amount outstanding of Junior Debt is held by other Junior Lenders. The total aggregate principal amount of Junior Debt will be converted into a PIK instrument through an amendment to the Junior Credit Facility Agreement. The amendment will, amongst other things: (i) extend the maturity of the Junior Credit Facility until a date falling eight years after the Escrow Release Date; (ii) increase the interest rate and change the interest payment requirement under the Junior Credit Facility Agreement from cash-pay to a PIK instrument; (iii) replace existing covenants with covenants substantially similar to the covenants of the Notes; (iv) replace all information undertakings with information undertakings

substantially similar to the information undertakings of the Revolving Credit Facility; (v) make all necessary amendments to the Junior Credit Facility Agreement to ensure that the Notes and the Revolving Credit Facility, and all hedging permitted thereunder (including all related guarantees), are permitted; (vi) amend the Junior Credit Facility Agreement to ensure that the Existing Senior Credit Facilities can be fully repaid without requiring any repayment under the Junior Credit Facility Agreement; (vii) delete all mandatory prepayment requirements under the Junior Credit Facility Agreement, with the exception of "Change of Control" (defined substantially similarly to the corresponding definition in the Notes), and the addition of mandatory prepayment requirements in respect of excess proceeds from the disposal of the Group's operational and in-construction wind farm assets, excess proceeds from the refinancing of the Notes, any other financial indebtedness incurred by VGHL in excess of £1 million and the net proceeds from the sale of any other assets by the Group (other than the operational and in-construction wind farm assets); (viii) allow the release of certain collateral currently securing obligations under the Junior Credit Facility; (ix) allow for the contribution of Junior Debt owned by Arcapita and its affiliates into the Group and allow for the issuance by any member of the Group to Arcapita, or any of its affiliates, of debt instruments that are subordinated to the Junior Credit Facilities in consideration of the Contribution and (x) provide Junior Lenders with second-ranking security over Viridian's portfolio of operating and in-construction wind farm assets. Viridian has agreed with certain third party Junior Lenders to require the unanimous consent of Junior Lenders to amend the Junior Credit Facility Agreement and the Existing Intercreditor Agreement; provided that the requirement for unanimous consent may be waived with 95% Junior Lender approval in which case such amendments will require an affirmative vote of Junior Lenders holding at least $66^2/_3$% of outstanding debt under the Junior Credit Facility Agreement.

(3) The Notes will be senior obligations of the Issuer and will rank equal in right of payment with all of the Issuer's existing or future senior debt. Upon consummation of the Offering, the Initial Purchasers will deposit the gross proceeds of the Offering into segregated Escrow Accounts pursuant to the terms of the Escrow Agreement. Upon satisfaction of certain conditions, the funds from the Escrow Accounts will be released to the Issuer and utilised as described in "Use of Proceeds". See "Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption". On the Escrow Release Date, each of the Guarantors will accede to the Indenture, from which point the Notes will be jointly and severally guaranteed on a senior basis by the Guarantors. Within seven days of the Escrow Release Date, ElectricInvest (Cayman) Limited will also accede to the Indenture and become a Guarantor. See "—The Refinancing". Prior to the Escrow Release Date, the Notes will be secured by a first-ranking security interest over the Escrow Accounts. On and from the Escrow Release Date, the Notes and the Guarantees will be secured by a first-ranking security interest in substantially all of the share capital and assets of the Subsidiary Guarantors, subject to certain carve-outs and agreed security principles; *provided*, *however*, that under the terms of the Intercreditor Agreement, the proceeds from any enforcement of the Collateral will be required to be applied to repay any indebtedness outstanding under the Revolving Credit Facility (or any replacement facilities) and certain hedging obligations in priority to the Notes. For more information on the Collateral, see "Description of the Notes—Security", and for more information on potential limitation to the Guarantees and the Collateral, see "Limitations on Validity and Enforceability of Guarantees and Security".

(4) The Issuer will initially be wholly owned by a charitable trust. On the Escrow Release Date, Viridian Group FundCo I Limited will acquire all of the outstanding issued share capital of the Issuer.

(5) On the Escrow Release Date, £63.6 million from the proceeds of the Offering, together with an additional £14.7 million equity contribution from Arcapita and £9.0 million of cash held at Viridian Group Holdings Limited, will be used to repay a portion of the Participation Loan outstanding under the Participation Agreement, referred to herein as the "Cash Participation Amount". The remaining balance will effectively be converted into the Bridge Loan. The Bridge Loan will be novated (or funded) to WindCo, which will be a subsidiary of ElectricInvest I Limited sitting outside the Viridian Group. WindCo will acquire shareholdings in Viridian's two current Project Finance Subsidiary groups, consisting of VRL and its subsidiaries (of which WindCo will acquire 100% of the share capital of VRL from VPEHL) and EWP and its subsidiaries (of which WindCo, acting through a newly incorporated subsidiary, will acquire 50% of the share capital of EWP from VPEHL)). The loans from VPEHL to the current Project Finance Subsidiary groups will be assigned to WindCo, which will become the creditor of such loans. The Bridge Loan will be secured by, *inter alia*, a limited-recourse share pledge over WindCo's ordinary shares, as well as other security relating to Viridian's in-construction and operational wind farm assets.

(6) On the Escrow Release Date, the £366.4 million in aggregate principal amount of Junior Debt owed by Viridian Group Holdings Limited to certain affiliates of Viridian's parent entities (including Centennial) will be consolidated into a single affiliate of Viridian's parent entities, ECL, and ECL will be contributed (the "Contribution") to the capital of Viridian Group FundCo III Limited.

(7) The Revolving Credit Facility of up to £225 million, with a £125 million sub-limit applicable to loans (excluding loans relating to cash collateralisation of letters of credit, or LOCs) and a £50 million sub-limit applicable to ancillary facilities, will be made available to Viridian Group Limited and VPEHL to finance working capital, LOCs and for other general corporate purposes. The Revolving Credit Facility will be a senior secured obligation of Viridian Group Limited, the Issuer (in its capacity as a guarantor of the Revolving Credit Facility) and VPEHL and will be guaranteed on a senior basis by the Guarantors (including the Issuer). On and from the Escrow Release Date, the Revolving Credit Facility will be secured by first-ranking security interests in the same collateral that secures the Notes.

(8) Comprised of immaterial subsidiaries and Power NI Energy Limited which cannot guarantee the Notes for regulatory reasons.

(9) "Northern Ireland Subsidiary Guarantors" refers to the following Northern Ireland incorporated subsidiaries of the Issuer that will guarantee the Notes on a senior basis as of the Escrow Release Date: Viridian Group Limited, VPEL and Viridian Energy Supply Limited.

(10) WindCo is a newly incorporated holding company of the Group's operational, in-construction and RoI development wind farm assets. On the Escrow Release Date, an amount equal to amounts outstanding under the Participation Loan following payment of the Cash Participation Amount was converted into the Bridge Loan. The loans from VPEHL to the current Project Finance Subsidiary groups were assigned to WindCo, who became the creditor of such loans. The Bridge Loan will be secured by, *inter alia*, a limited-recourse share pledge over WindCo's ordinary shares, as well as other security relating to Viridian's in-construction and operational wind farm assets.

(11) "RoI Subsidiary Guarantors" refers to the following RoI incorporated subsidiaries of the Issuer that will guarantee the Notes on a senior basis as of the Escrow Release Date: Huntstown Power Company Limited, VPEHL, Viridian Power Limited, Viridian Energy Limited and Power and Energy Holdings (ROI) Limited.

(12) As discussed further in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Sale of Viridian's Portfolio of Operating and In-construction Wind Farm Assets", as part of the Refinancing, Viridian is effecting the Wind Farm Reorganisation. The proceeds raised from Viridian's disposal of its portfolio of operational and in-construction wind farm assets will be used to repay the Bridge Loan. The remaining amount (if any) will be used to partially prepay the Junior Credit Facility. Neither EWP nor

VRL is part of the restricted group and neither entity will guarantee the Notes. Taken together, the Project Finance Subsidiaries (VRL and EWP) generated 4.4% of the Group's Adjusted EBITDA during the 12 months ended 31 December 2011 and held 9.6% of the Group's gross assets as of 31 December 2011. Of these amounts, 100% of the contribution to the Group's Adjusted EBITDA and 95% of the contribution to the Group's gross assets as of the 12 months ended 31 December 2011 were attributable to Viridian's in-construction and operational wind farm assets which are being disposed of. During the 12 months ended 31 December 2011, the Subsidiary Guarantors generated 71.4% of Viridian Group Investments Limited's consolidated Adjusted EBITDA and, as of 31 December 2011, held 72.9% of Viridian Group Investments Limited's consolidated total assets. Over the same periods, excluding the Project Finance Subsidiaries (WRL and EWP), who are not permitted to guarantee the Notes because of their project finance arrangements, and excluding NIE Energy, which is not permitted to guarantee the Notes for regulatory reasons, the Subsidiary Guarantors would have generated 98.5% of Viridian Group Investment Limited's Consolidated Adjusted EBITDA and would have held 99.3% of its consolidated total assets. The following table provides a segment breakdown of the contribution of, among others, NIE Energy to the Group's Profit and Loss Account for the First Nine Months 2012, the First Nine Months 2011 and Fiscal Year 2011.

	9 months ended 31 Dec 2011 Unaudited	9 months ended 31 Dec 2010 Unaudited	Year ended 31 March 2011 Audited
	£m	£m	£m
Profit before depreciation, amortisation, exceptional items, interest and tax			
Continuing operations:			
—VP&E	**67.7**	58.5	79.0
—NIE Energy	**2.4**	30.5	46.2
—Other	**(1.5)**	(1.5)	(3.1)
	68.6	87.5	122.1
Discontinued operations:			
—NIE	—	81.6	81.6
—Powerteam	—	3.0	3.0
—Other	—	—	—
—Inter-group elimination	—	(1.1)	(1.1)
	—	83.5	83.5
Group profit before depreciation, amortisation, exceptional items, interest and tax	**68.6**	171.0	205.6
Exceptional operating costs			
Continuing operations:			
—VP&E	**(7.8)**	(10.3)	(13.8)
—NIE Energy	—	(5.7)	(5.7)
—Other	—	(3.1)	(3.1)
Group exceptional operating costs	**(7.8)**	(19.1)	(22.6)
Depreciation/amortisation			
Continuing operations:			
—VP&E	**(18.7)**	(19.9)	(25.4)
	(18.7)	(19.9)	(25.4)
Discontinued operations:			
—NIE	—	(33.9)	(33.9)
—Powerteam	—	(0.9)	(0.9)
—Other	—	—	—
—Inter-group elimination	—	0.3	0.3
	—	(34.5)	(34.5)
Group depreciation/amortisation	**(18.7)**	(54.4)	(59.9)
Operating profit/(loss) post exceptional operating costs			
Continuing operations:			
—VP&E	**41.2**	28.3	39.8
—NIE Energy	**2.4**	24.8	40.5
—Other	**(1.5)**	(4.6)	(6.2)
	42.1	48.5	74.1
Discontinued operations:			
—NIE	—	47.7	47.7
—Powerteam	—	2.1	2.1
—Inter-group elimination	—	(0.8)	(0.8)
	—	49.0	49.0
Group operating profit post exceptional operating costs	**42.1**	97.5	123.1
Goodwill amortisation			
—continuing operations	**(25.2)**	(24.3)	(33.4)
—discontinued operations	—	(22.2)	(22.2)
	(25.2)	(46.5)	(55.6)
Group operating profit	**16.9**	51.0	67.5
Profit on disposal of discontinued operations	—	25.1	25.1
Profit on ordinary activities before interest and tax	**16.9**	76.1	92.6
Net interest payable	**(37.9)**	(87.3)	(97.3)
Net pension scheme interest	**(0.1)**	(3.8)	(3.7)
Exceptional finance costs	**(42.8)**	(168.1)	(176.7)
	(80.8)	(259.2)	(277.7)
Loss profit on ordinary activities before tax	**(63.9)**	(183.1)	(185.1)

THE OFFERING

The following is a brief summary of certain terms of the Offering. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete understanding of the Notes and the Guarantees, including certain definitions of terms used in this summary, please see "Description of the Notes", and "Description of Certain Indebtedness—Intercreditor Agreements".

Issuer	Viridian Group FundCo II Limited, a special purpose exempted company incorporated under the laws of the Cayman Islands and initially wholly owned by a charitable trust.
Notes Offered	€313,000,000 aggregate principal amount of $11^{1}/_{8}\%$ Senior Secured Notes due 2017. $250,000,000 aggregate principal amount of $11^{1}/_{8}\%$ Senior Secured Notes due 2017.
Issue Date	6 March 2012 (the "Issue Date").
Issue Price	Euro Notes: 96.723% (plus accrued and unpaid interest from the Issue Date). Dollar Notes: 96.723% (plus accrued and unpaid interest from the Issue Date).
Maturity Date	1 April 2017.
Interest Payment Dates	Semi-annually in arrears on each 1 April and 1 October, commencing on 1 October 2012. Interest will accrue from the Issue Date.
Form and Denomination	The Issuer issued the Euro Notes in global form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof maintained in book-entry form. Euro Notes in denominations of less than €100,000 are not available. The Issuer issued the Dollar Notes in global form in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof maintained in book-entry form. Dollar Notes in denominations of less than $200,000 are not available.
Escrow of Proceeds	Upon consummation of the Offering, the Initial Purchasers deposited the gross proceeds of the Offering into segregated Escrow Accounts pursuant to the terms of the Escrow Agreement. In addition, on or before the Issue Date, the Issuer deposited into the relevant Escrow Accounts an amount in cash equal to the amount of interest that would accrue on the Notes from the Issue Date to the Escrow Longstop Date. The Escrow Accounts were controlled by, and pledged on a first-ranking basis in favour of, the Trustee for the benefit of the holders of the Notes. Upon satisfaction of certain conditions, the funds from the Escrow Accounts were released to the Issuer and utilised as described in "Use of Proceeds". The conditions to the release of the escrow proceeds to the Issuer included the transfer of the equity interests of the Issuer to Viridian Group FundCo I Limited, the transfer of the equity interests of Viridian Group FundCo III Limited to the Issuer, the approval of the JFA Amendment and Restatement Agreement and ICA Amendment and Restatement Agreement and certain other conditions set forth in the Escrow Agreement. The Issuer was required to redeem the Notes at a price equal to 100% of the aggregate issue price of the Notes *plus* any interest accrued thereon from the Issue Date to the date of redemption, if the conditions to releasing the escrow proceeds were not satisfied or waived on or prior to the Escrow Longstop Date. See "Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption".
Ranking of the Notes	The Notes will be general obligations of the Issuer and, following the Escrow Release Date, will: • be secured by the Collateral on and from the Escrow Release Date; • rank equally ("*pari passu*") in right of payment with all existing and future indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes; • be senior in right of payment to all existing and future obligations of the Issuer that are expressly subordinated in right of payment to the Notes; • be effectively subordinated to any existing and future obligations of the Issuer that are secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such obligations; and • be structurally subordinated to all existing and future indebtedness of the non-Guarantor subsidiaries of the Issuer.
Guarantees	On the Escrow Release Date, each of the Guarantors will accede to the Indenture, from which point the Notes will be jointly and severally guaranteed on a senior basis by the Guarantors. Within seven days of the Escrow Release Date,

	ElectricInvest (Cayman) Limited will also accede to the Indenture and become a Guarantor. The Guarantees will be subject to contractual and legal limitations, and may be released without the consent of the holders of the Notes under certain circumstances. See "Description of the Notes", "Description of Certain Indebtedness—Intercreditor Agreements" and "Risk Factors". As of and for the 12 months ended 31 December 2011, non-Guarantors, excluding NIE Energy and the Project Finance Subsidiaries, contributed *de minimis* revenues, Adjusted EBITDA and held *de minimis* assets. NIE Energy is precluded from guaranteeing the Notes for regulatory reasons and the Project Finance Subsidiaries are precluded from guaranteeing the Notes under their project finance arrangements. During the 12 months ended 31 December 2011, the Subsidiary Guarantors generated 71.4% of Viridian Group Investments Limited's consolidated Adjusted EBITDA and, as of 31 December 2011, held 72.9% of Viridian Group Investments Limited's consolidated total assets. During the 12 months ended 31 December 2011, excluding NIE Energy and the Project Finance Subsidiaries, the Subsidiary Guarantors would have generated 98.5% of Viridian Group Investments Limited's consolidated Adjusted EBITDA and, as of 31 December 2011, would have held 99.3% of Viridian Group Investments Limited's consolidated total assets.
Ranking of the Guarantees	Each Guarantee will be a general obligation of the respective Guarantor and will: • on and from the Escrow Release Date, be secured by the Collateral (other than the Guarantee of Viridian Group Investments Limited); • rank *pari passu* in right of payment with all existing and future indebtedness of that Guarantor that is not subordinated to the Guarantee; • be senior in right of payment to all existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to such Guarantee; and • be effectively subordinated to any existing and future indebtedness of such Guarantor that is secured by property or assets that do not secure such Guarantee, to the extent of the value of the property and assets securing such indebtedness.
Limited Recourse	Prior to the Issuer Transfer Date, holders of the Notes will not have any recourse to the Issuer other than in respect of amounts deposited in the Escrow Accounts and amounts delivered to the Issuer by the Group, if any. See "Risk Factors—Risks Related to the Notes—The Issuer will be an unaffiliated special purpose financing company prior to the Issuer Transfer Date, and holders of the Notes will have limited recourse to the Issuer during this period".
Security	Prior to the Escrow Release Date, the Notes will be secured by a first-ranking security interest over the Escrow Accounts. On and from the Escrow Release Date, the Notes will be secured by first-ranking security interests over substantially all of the assets of the Issuer and the Subsidiary Guarantors, including a share pledge over the share capital of Power NI Energy Limited (the "Collateral"), as more fully described in "Description of the Notes—Security". In the event of enforcement of the Collateral, the holders of the Notes will receive proceeds from the Collateral only after the lenders under the Revolving Credit Facility (or any replacement facilities) and counterparties to certain hedging obligations have been repaid in full. See "Description of the Notes—Intercreditor Agreement".
Intercreditor Agreements................	Each holder of a Note by accepting a Note will be deemed to have agreed to, and be bound by, the terms of the Intercreditor Agreement. The Indenture will be subject to the terms of the Intercreditor Agreement, and the rights and benefits of the holders of the Notes will be limited accordingly and subject to the terms of the Intercreditor Agreement. See "Description of Certain Indebtedness—Intercreditor Agreements". The existing intercreditor agreement originally dated 24 October 2006, as amended from time to time (the "Existing Intercreditor Agreement") will also be amended and restated to give holders of the Notes the benefit of the turnover provisions contained therein. See "Description of Certain Indebtedness—Intercreditor Agreements".
Optional Redemption	The Issuer may redeem all or part of the Notes at any time on or after 1 April 2015, at the redemption prices as described under "Description of the Notes—Optional Redemption". At any time prior to 1 April 2015, the Issuer may redeem all or part of the Notes at

a redemption price equal to 100% of the principal amount of such Notes, plus accrued and unpaid interest and additional amounts, if any, plus a "*make-whole*" premium applicable to the relevant series of Notes, as described under "Description of the Notes—Optional Redemption".

In addition, at any time prior to 1 April 2015, the Issuer may redeem up to 35% of the aggregate principal amount of each series of Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 111.125% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption; *provided* that at least 65% of the original aggregate principal amount of the relevant series of Notes remains outstanding after such redemption. See "Description of the Notes—Optional Redemption".

At any time prior to 1 April 2015, the Issuer may, during each twelve-month period commencing with the Issue Date, redeem up to 10% of the original aggregate principal amount of each series of Notes at its option, from time to time, upon not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 103% of the principal amount of the relevant series of Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See "Description of the Notes—Optional Redemption".

Additional Amounts...................... All payments in respect of the Notes or the Guarantees will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding tax is required by law in any such jurisdiction in which the Issuer or any Guarantor is then incorporated or resident for tax purposes, subject to certain exceptions, the Issuer or Guarantor, as appropriate, will pay additional amounts so that the net amount each holder of the Notes receives is no less than the holder would have received in the absence of such withholding. See "Description of the Notes—Additional Amounts".

Tax Redemption.............................. If certain changes in the law of any relevant taxing jurisdiction become effective that would impose withholding taxes or other deductions on the payments on the Notes or the Guarantees, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See "Description of the Notes—Redemption for Changes in Taxes".

Original Issue Discount................... The Notes may be issued with more than a *de minimis* amount of original issue discount ("OID") for U.S. federal income tax purposes. In such event, U.S. investors in such Notes will generally be required to include OID in their gross income as it accrues in advance of the receipt of cash payments attributable to such income using the constant yield method. See "Tax Considerations—Certain U.S. Federal Income Tax Considerations".

Change of Control........................... Upon the occurrence of certain events constituting a "change of control", the Issuer is required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. See "Description of the Notes—Repurchase at the Option of Holders—Change of Control".

Certain Covenants.......................... The Indenture, among other things, will restrict the ability of the Issuer and the restricted subsidiaries of the Issuer to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends on, redeem capital stock and make certain investments;
- make certain other restricted payments;
- create or permit to exist certain liens;
- sell, lease or transfer certain assets;
- enter into arrangements that impose encumbrances or restrictions on the ability of the subsidiaries to pay dividends or make other payments to the Issuer;
- enter into certain transactions with affiliates;
- merge or consolidate with other entities; and
- impair the security interests for the benefit of the holders of the Notes.

Each of these covenants is subject to significant exceptions and qualifications. See "Description of the Notes—Certain Covenants".

Use of Proceeds .... Assuming the conditions to releasing the funds from the Escrow Accounts are satisfied, Viridian intends to use the gross proceeds of the Offering, together with cash on hand, (i) to repay the Existing Senior Credit Facilities, (ii) to repay, in part, the Participation Loan, (iii) to repay interest payable on the Junior Debt and related consent fees and other amounts, (iv) to pay costs, administrative expenses and fees

	(legal, accounting or otherwise) in connection with the Refinancing and (v) for certain other general corporate purposes. See "Use of Proceeds".
Transfer Restrictions	The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction and are subject to restrictions on transferability and resale. See "Notice to Investors". The Issuer has not agreed to, or otherwise undertaken to, register the Notes in the United States (including by way of an exchange offer).
No Prior Market	The Notes will be new securities for which there is no existing market. Although the Initial Purchasers have advised the Issuer that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, there is no assurance that an active trading market will develop for the Notes.
Listing	Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market thereof.
Governing Law for the Notes, the Guarantees and the Indenture	New York law.
Governing Law for the Intercreditor Agreement	English law.
Governing Law for the Security Documents	English law, Northern Irish law, RoI law, Cayman Islands law and Luxembourg law.
Trustee	The Bank of New York Mellon, acting through its London Branch.
Escrow Agent, Transfer Agent and Principal Paying Agent	The Bank of New York Mellon, acting through its London Branch.
Registrar	The Bank of New York Mellon (Luxembourg) S.A.
Security Agent	The Bank of New York Mellon, acting through its London Branch.
Luxembourg Listing Agent	The Bank of New York Mellon (Luxembourg) S.A.
U.S. Paying Agent, U.S. Registrar and U.S. Transfer Agent	The Bank of New York Mellon.

Risk Factors

Investing in the Notes involves substantial risks. Please see the section of this Offering Memorandum captioned "Risk Factors" for a discussion of certain risks you should carefully consider before investing in the Notes.

Additional Information

The Issuer's principal executive office is located at Paget-Brown Trust Company Limited, Boundary Hall, Cricket Square, P.O. Box 1111, Grand Cayman KY1-1102, Cayman Islands. Its telephone number is +1 (345) 949-5122.

Summary Historical Consolidated Financial Data

The summary historical consolidated financial information provided below has been derived from the Consolidated Financial Statements and the Interim Consolidated Financial Statements. The summary historical consolidated financial information is qualified in its entirety by reference to, and should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and the Interim Consolidated Financial Statements included elsewhere in this Offering Memorandum.

This Offering Memorandum also includes unaudited consolidated pro forma financial data which has been adjusted to reflect certain effects of the Offering, the Refinancing and related transactions on the financial position and financial results of Viridian as at and for the 12 months ended 31 December 2011. The unaudited consolidated pro forma financial data has been prepared for illustrative purposes only and does not purport to represent what Viridian's actual consolidated financial position or financial results would have been if such transactions had occurred on 1 January 2011 or 31 December 2011, nor does it purport to project Viridian's consolidated financial position at any future date. The unaudited pro forma adjustments and the unaudited pro forma financial data set forth in this Offering Memorandum are based on available information and certain assumptions and estimates that Viridian believes are reasonable and may differ materially from the actual adjusted amounts.

The financial information below includes certain non-GAAP measures used to evaluate Viridian's economic and financial performance. These measures are not identified as accounting measures under UK GAAP and therefore should not be considered as an alternative measure to evaluate the performance of the Group. See "Presentation of Financial Data and Non-GAAP Measures".

The financial information for the 12 months ended 31 December 2011 is unaudited and has been calculated by aggregating the results of operations data for Fiscal Year 2011 and First Nine Months 2012 and subtracting the results of operations data for First Nine Months 2011.

On 21 December 2010, Viridian disposed of its interest in NIE, the Northern Ireland electricity networks business, to ESBNI for total compensation (including the repayment of intragroup debt and the assumption of external debt), of approximately £1.2 billion. As part of the disposal, Viridian also disposed of certain associated companies of NIE, including Powerteam and Powerteam Electrical Services, which provide electrical construction and maintenance services. As a result, the Financial Statements present the results of the businesses which were sold to ESBNI as "discontinued operations" in the Group's profit and loss account and in certain notes to the Group's cash flow statement. To the extent practicable, the consolidated financial information extracted from the Financial Statements included elsewhere in this Offering Memorandum is presented on the basis of the continuing operations of the Group. However, certain line items from the Financial Statements cannot be divided between continuing and discontinued operations. Therefore, a full comparison of the results of the Group's continuing operations for Fiscal Year 2011 and Fiscal Year 2010, and for First Nine Months 2012 and First Nine Months 2011 is not possible. The summary historical consolidated financial information presented below focuses on the results of operations for the continuing operations of the Group.

	Fiscal Year Ended 31 March		First Nine Months Ended 31 December		12 Months Ended 31 December
	2011	2010	2011	2010	2011
			(£ million)		
Summary Income Statement Data					
Turnover from continuing operations	1,808.2	1,823.3	1,291.1	1,315.5	1,783.8
Operating costs from continuing operations before exceptional items[1]	(1,711.5)	(1,725.7)	(1,241.2)	(1,247.9)	(1,704.8)
Operating profit from continuing operations before exceptional items and goodwill amortisation[1][2]	96.7	97.6	49.9	67.6	79.0
Add back adjustment for (over)/under-recovery[3]	(21.2)	5.4	16.9	(11.7)	7.4
Adjusted Operating Profit[4]	**75.5**	**103.0**	**66.8**	**55.9**	**86.4**
Add back of depreciation/amortisation	25.4	20.9	18.7	19.9	24.2
Adjusted EBITDA[4]	**100.9**	**123.9**	**85.5**	**75.8**	**110.6**
Exceptional costs from continuing operations[1]	(22.6)	—	(7.8)	(19.1)	(11.3)
(Loss)/Profit for the Financial Period before exceptional items	(25.8)	6.5	(14.9)	(34.5)	—[16]

	Fiscal Year Ended 31 March		First Nine Months Ended 31 December		12 Months Ended 31 December
	2011	2010	2011	2010	2011
			(£ million)		
Summary Cash Flow Data					
Cash flow from operating activities from continuing operations	121.0	103.6	36.4	103.5	53.9
Adjustment for exceptional items	19.5	—	9.4	3.5	25.4
Cash flow from operating activities from continuing operations before exceptional items	**140.5**	**103.6**	**45.8**	**107.0**	**79.3**
Changes in working capital from continuing operations	22.8	(13.0)	33.9	25.4	31.3
Changes in security deposits from continuing operations	(3.4)	—	(54.0)	(6.7)	(50.7)
Gross capital expenditure used in continuing operations[5]	(48.8)	(13.4)	(24.3)	(38.4)	(34.7)
Gross capital expenditure used in continuing operations (excluding capital expenditure on owned wind farm assets)	(14.5)	(5.4)	(7.7)	(10.9)	(11.3)
Purchase of and proceeds from sale of other intangibles	(3.1)	2.6	4.3	10.2	(9.0)
Cash flow effect of foreign exchange	0.9	1.6	(2.7)	1.5	(3.3)

	As at 31 March		As at 31 December	
	2011	2010	2011	2010
		(£ million)		
Summary Balance Sheet Data				
Total fixed assets	966.5	2,710.3	919.6	944.6
Total current assets	402.8	341.7	519.2	510.2
Creditors (amounts falling due within one year)	(1,180.7)	(893.0)	(1,299.1)	(1,268.4)
Net current (liabilities)	**(777.9)**	**(551.3)**	**(779.9)**	**(758.2)**
Total assets less current liabilities	188.6	2,159.0	139.7	186.4
Net assets excluding pension liability	125.1	313.1	65.2	130.9
Net assets	**124.3**	**219.0**	**63.2**	**129.5**

Segmental Information

	Fiscal Year Ended 31 March		First Nine Months Ended 31 December		12 Months Ended 31 December
	2011	2010	2011	2010	2011
			(£ million)		
Turnover from continuing operations by business segment					
VP&E	984.8	920.5	776.5	714.9	1,046.4

NIE Energy (based on regulated entitlement)	805.3	923.0	532.9	591.6	746.6
Other	—	0.1	—	—	—
Adjustment for over/(under)-recovery(3)	21.2	(5.4)	(16.9)	11.7	(7.4)
Intergroup elimination	(3.1)	(14.9)	(1.4)	(2.7)	(1.8)
Consolidated turnover from continuing operations	1,808.2	1,823.3	1,291.1	1,315.5	1,783.8
Adjusted Operating Profit—by business segment(1)(2)(3)(4)					
VP&E(6)	53.6	79.4	49.0	38.6	64.0
NIE Energy(7)	25.0	27.0	19.3	18.8	25.5
Other(8)	(3.1)	(3.4)	(1.5)	(1.5)	(3.1)
Consolidated adjusted operating profit	75.5	103.0	66.8	55.9	86.4
Adjusted EBITDA—by business segment(1)(2)(3)(4)					
VP&E(9)	79.0	99.9	67.7	58.5	88.2
NIE Energy(10)	25.0	27.0	19.3	18.8	25.5
Other(11)	(3.1)	(3.0)	(1.5)	(1.5)	(3.1)
Consolidated Adjusted EBITDA(1)(2)(3)(4)	100.9	123.9	85.5	75.8	110.6

	As at and for the 12 Months Ended 31 December 2011
	(£ million, other than ratios)
Other Unaudited Financial Information(12)	
Adjusted Restricted Group EBITDA(4)	108.8
Pro forma cash and cash equivalents(13)	21.3
Pro forma net secured debt(14)	397.3
Pro forma cash interest expense(15)	52.7
Ratio of Adjusted Restricted Group EBITDA to *pro forma* cash interest expense	2.1x
Ratio of *pro forma* net secured debt to Adjusted Restricted Group EBITDA	3.7x

Notes:

(1) Exceptional items from continuing operations of £7.8 million in First Nine Months 2012 relate to the Carbon Revenue Levy. Exceptional items from continuing operations of £19.1 million in First Nine Months 2011 include a pensions settlement charge of £12.2 million resulting from the disposal of NIE and a charge for the Carbon Revenue Levy of £6.9 million. Exceptional items from continuing operations of £22.6 million in Fiscal Year 2011 include the pension settlement charge of £12.2 million and a charge for the Carbon Revenue Levy of £10.4 million. These exceptional items are discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations". See note 4 to the Consolidated Financial Statements and note 3 to the Interim Consolidated Financial Statements for the calculation of operating costs from continuing operations before exceptional items.

(2) Goodwill amortisation primarily relates to the goodwill recognised under purchase accounting in connection with the acquisition by Arcapita of Viridian Group PLC in 2006, the subsequent acquisition of EWP in 2008 and the purchase of the joint venture holding of Huntstown Power Company Limited in 2000.

(3) Adjustment for over/under-recovery represents the amount by which Viridian's regulated businesses over- or under-recovered against their regulated entitlement, as further discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations".

(4) Adjusted Operating Profit refers to operating profit from continuing operations before exceptional items and goodwill amortisation, based on regulated entitlement (meaning after taking account of the adjustment for over/under-recovery described in note 3 above). Adjusted EBITDA refers to Adjusted Operating Profit before deducting depreciation and amortisation. See notes 1, 2 and 3 above for a discussion of exceptional items, goodwill amortisation and the adjustment made for over/under-recovery. Adjusted Restricted Group EBITDA refers to Adjusted EBITDA after deducting EBITDA contributed by Viridian's owned renewables assets and after excluding advisory fees paid to Arcapita. You should not consider Adjusted Operating Profit, Adjusted EBITDA or Adjusted Restricted Group EBITDA as alternatives to (a) operating profit from continuing operations (as determined in accordance with UK GAAP) as a measure of Viridian's operating performance, (b) cash flows from operating, investing and financing activities as a measure of its ability to meet its cash needs or (c) any other measures of performance or liquidity under UK GAAP. See "Presentation of Financial Data and Non-GAAP Measures". Management believes that Adjusted Operating Profit and Adjusted EBITDA are relevant measures for assessing Viridian's performance because they are adjusted for certain items which are non-recurring or which management believes are not indicative of Viridian's underlying operating performance. The following table has been provided in order to present a reconciliation of Adjusted Operating Profit and Adjusted EBITDA to operating profit from continuing operations:

	Fiscal Year Ended 31 March		**First Nine Months Ended 31 December**		**12 Months Ended 31 December**
	2011	**2010**	**2011**	**2010**	**2011**

			(£ million)		
Operating profit from continuing operations	**40.7**	**63.9**	**16.9**	**24.2**	**33.4**
Exceptional items from continuing operations	22.6	—	7.8	19.1	11.3
Goodwill amortisation from continuing operations	33.4	33.7	25.2	24.3	34.3
Operating profit from continuing operations before exceptional items and goodwill amortisation	96.7	97.6	49.9	67.6	79.0
Add back adjustment for (over)/under-recovery	(21.2)	5.4	16.9	(11.7)	7.4
Adjusted Operating Profit	**75.5**	**103.0**	**66.8**	**55.9**	**86.4**
Depreciation and amortisation	25.4	20.9	18.7	19.9	24.2
Adjusted EBITDA	**100.9**	**123.9**	**85.5**	**75.8**	**110.6**

Management also believes that Adjusted Restricted Group EBITDA is a relevant measure for bondholders because certain covenants contained in the Indenture are calculated on the basis of "Consolidated EBITDA", which will exclude earnings contributed by Viridian's owned renewables assets and advisory fees paid to Arcapita. The following table has been provided in order to present a reconciliation of Adjusted Restricted Group EBITDA to operating profit from continuing operations:

	Fiscal Year Ended 31 March		**First Nine Months Ended 31 December**		**12 Months Ended 31 December**
	2011	**2010**	**2011**	**2010**	**2011**
			(£ million)		
Adjusted EBITDA	**100.9**	**123.9**	**85.5**	**75.8**	**110.6**
Adjustment for earnings contributed by Viridian's owned renewables assets	(2.2)	(1.6)	(3.8)	(1.2)	(4.8)
Adjustment for advisory fees paid to Arcapita	3.0	3.0	1.5	1.5	3.0
Adjusted Restricted Group EBITDA	**101.7**	**125.3**	**83.2**	**76.1**	**108.8**

(5) Gross capital expenditure includes purchase of tangible fixed assets and purchase of software. It includes capital expenditure in relation to Viridian's owned wind farm assets, which are separately financed by individual project finance facilities, each of which is secured by assets of the relevant wind farm. Capital expenditure on owned wind farm assets was £34.3 million and £8.0 million in Fiscal Year 2011 and Fiscal Year 2010, respectively, and £16.6 million and £27.5 million in First Nine Months 2012 and First Nine Months 2011, respectively.

(6) Adjusted Operating Profit for VP&E is the same as "Operating profit pre exceptional operating costs based on regulated entitlement" stated in note 3 to the Consolidated Financial Statements and note 2 to the Interim Consolidated Financial Statements of £53.6 million for Fiscal Year 2011, £79.4 million for Fiscal Year 2010, £49.0 million for First Nine Months 2012 and £38.6 million for First Nine Months 2011.

(7) Adjusted Operating Profit for NIE Energy is the same as "Operating profit pre exceptional operating costs based on regulated entitlement" stated in note 3 to the Consolidated Financial Statements and note 2 to the Interim Consolidated Financial Statements of £25.0 million for Fiscal Year 2011, £27.0 million for Fiscal Year 2010, £19.3 million for First Nine Months 2012 and £18.8 million for First Nine Months 2011.

(8) "Other" primarily comprises advisory fees paid to Arcapita, and is the same as 'Other' included within "Operating profit pre exceptional costs based on regulated entitlement" stated in note 3 to the Consolidated Financial Statements and note 2 to the Interim Consolidated Financial Statements of £3.1 million for Fiscal Year 2011, £3.4 million for Fiscal Year 2010, £1.5 million for First Nine Months 2012 and £1.5 million for First Nine Months 2011.

(9) Adjusted EBITDA for VP&E is the same as "Profit before depreciation, amortisation, exceptional items, interest and tax based on regulated entitlement" stated in note 3 to the Consolidated Financial Statements and note 2 to the Interim Consolidated Financial Statements of £79.0 million for Fiscal Year 2011, £99.9 million for Fiscal Year 2010, £67.7 million for First Nine Months 2012 and £58.5 million for First Nine Months 2011.

(10) Adjusted EBITDA for NIE Energy is the same as "Profit before depreciation, amortisation, exceptional items, interest and tax based on regulated entitlement" stated in note 3 to the Consolidated Financial Statements and note 2 to the Interim Consolidated Financial Statements of £25.0 million for Fiscal Year 2011, £27.0 million for Fiscal Year 2010, £19.3 million for First Nine Months 2012 and £18.8 million for First Nine Months 2011.

(11) "Other" primarily comprises advisory fees paid to Arcapita, and is the same as "Other" included within "Profit before depreciation, amortisation, exceptional items, interest and tax based on regulated entitlement" stated in note 3 to the Consolidated Financial Statements and note 2 to the Interim Consolidated Financial Statements of

£3.1 million for Fiscal Year 2011, £3.0 million for Fiscal Year 2010, £1.5 million for First Nine Months 2012 and £1.5 million for First Nine Months 2011.

(12) The unaudited *pro forma* financial information reflects the impact of the Refinancing which is described elsewhere herein. These figures are not intended to represent *pro forma* financial information prepared in accordance with the requirements of Regulation S-X promulgated under the U.S. Securities Act or other SEC requirements, UK GAAP.

(13) *Pro forma* cash and cash equivalents includes cash at bank and in hand as well as investments and is calculated by giving *pro forma* effect to the Refinancing and the application of the proceeds therefrom as set forth in "Use of Proceeds", as if each of those transactions had occurred on 31 December 2011.

(14) *Pro forma* net secured debt is defined as liabilities under the Notes less *pro forma* cash and cash equivalents. For purposes of calculating *pro forma* net secured debt, the principal amount of the €313 million Euro Notes has been translated at an exchange rate of €1.1942 per £1.00 (as reported by the Financial Times on 29 February 2012) and the $250 million Dollar Notes has been translated at an exchange rate of $1.5975 per £1.00 (the Bloomberg Composite Rate for dollars against pounds sterling on 29 February 2012). These exchange rates may differ from the exchange rates in effect as of the date each series of Notes is issued. The Revolving Credit Facility is expected to be partially drawn on and after the Escrow Release Date on a non-cash basis with respect to utilisations by way of LOCs in an aggregate nominal amount of approximately £120.0 million and on a cash basis with respect to the short-term bridging associated with the return of security deposits and any potential negative operating cash flows associated with seasonal working capital or regulatory under-recoveries in the period to closing.

(15) *Pro forma* cash interest expense is calculated based on Viridian's *pro forma* secured debt and includes interest on the Notes, margin on the LOCs outstanding under the Revolving Credit Facility on the Issue Date and the Escrow Release Date and commitment fees on undrawn amounts under the Revolving Credit Facility, but excludes amortisation of deferred financing costs. The pro forma interest expense on the Euro Notes has been converted into Pounds Sterling using an average exchange rate of €1.15 per £1.00 for the twelve months ended 31 December 2011. The exchange rate of the Euro to the Pound Sterling as reported by Bloomberg on 29 February 2012 was €1.1944 per £1.00. The pro forma interest expense on the Dollar Notes has been converted into pounds sterling using an average exchange rate of $1.60 per £1.00 for the twelve months ended 31 December 2011. The exchange rate of the U.S. Dollar to the Pound Sterling as reported by Bloomberg on 29 February 2012 was $1.5975 per £1.00.

(16) For the purposes of this document, Viridian has not calculated the (Loss)/Profit before exceptional items for the 12 months ended 31 December 2011.

Summary Operating Data

The summary operating data provided below presents certain operating data which Viridian uses to analyse its business.

	Fiscal Year Ended 31 March		First Nine Months Ended 31 December	
	2011	**2010**	**2011**	**2010**
Availability (%)				
Huntstown 1	91.8	98.6	91.1	89.2
Huntstown 2	93.0	91.1	95.0	93.4
Wind farms (direct investments)	95.6	92.6	97.4	95.5
Utilisation (%)				
Huntstown 1	76.4	94.7	61.3	80.3
Huntstown 2	86.8	94.8	78.1	86.7
Energia electricity sales (TWh)	5.9	5.8	4.2	4.4
Energia natural gas sales (million therms)	91	78	57	64
Power NI electricity sales (TWh)	4.1	4.6	2.6	3.0
Power NI customer sites	768,000	795,000	721,000	778,000
Residential	732,000	755,000	686,000	741,000
Non-residential	36,000	40,000	35,000	37,000
Wind farm operational PPA contracts period-end capacity (MW)	309	244	446	277
Wind farm operational PPA contracts average period capacity (MW)	283	209	393	267
Wind farm operational owned assets period-end capacity (MW)(1)	34	24	44	34
Wind farm operational owned assets average period capacity (MW)(1)	29	24	36	24
Employees(2)	359	324	364	350

Notes:

(1) As part of the Refinancing, Viridian is disposing of substantially all of its ownership interest in its portfolio of operating and in-construction wind farm assets. See "The Summary—The Refinancing" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Sale of Viridian's Portfolio of Operating and In-construction Wind Farm Assets".

(2) Calculated as the number of employees from continuing operations employed at the end of each period presented.

RISK FACTORS

You should carefully consider the risks described below as well as the other information contained in this Offering Memorandum before making an investment decision. Any of the following risks could materially adversely affect the Group's business, financial condition or results of operations, and as a result you may lose all or part of your original investment. The risks described below are not the only risks that Viridian faces. Additional risks and uncertainties not currently known to the Group or that it currently deems to be immaterial may also materially adversely affect the Group's business, financial condition or results of operations.

Risks Related to the Group's Business

Decreases in demand for electricity may adversely affect Viridian's business and operating results. Furthermore, the projected increase in demand for electricity may not materialise.

The recent financial crisis has resulted in a significant downturn in economic activity in Northern Ireland and the RoI. Viridian operates solely in Ireland, and its revenue growth has historically followed Ireland's economic growth. A further deterioration in the economy of Ireland, for any reason, could result in a decrease in demand for the electricity that Viridian generates and may result in a decrease in the production of its electricity generation plants, potentially causing a further decrease in the price at which Viridian can sell its electricity. This, in turn, could adversely affect Viridian's business, financial condition and results of operations. Moreover, the correlation between economic growth and demand for the electricity that Viridian generates is a historic trend which may not materialise in the future. For example, there has been a small growth in GDP over the course of calendar year 2011, while Eirgrid's Generation Capacity Statement 2012-2021 shows that demand for electricity has decreased by 2% over the same period.

Furthermore, Viridian's current projections, forecasts and management plans are partially reliant upon a projected increase in the demand for electricity which may not materialise as it is dependent on a variety of factors, including general economic conditions, weather and domestic consumption. Accordingly, there can be no assurance that Viridian's revenue may grow in line with expectations. Even if growth does increase as management expects, increases in revenue will be impacted by Viridian's ability to realise its other strategic goals. These factors could result in revenue growth that is less than expected, no revenue growth at all or a decrease in revenue. Any of these scenarios could have a material adverse effect on Viridian's business, financial condition and results of operations.

Viridian may face difficulties managing its liquidity position under certain circumstances, particularly during times when there are significant increases in electricity and natural gas prices.

Viridian's liquidity requirements may increase or change due to factors beyond its control, such as:

- swings in natural gas prices, which may result in significant changes in working capital requirements from month to month, as occurred between September 2008 and February 2009 when changes in natural gas prices resulted in abnormal intra-month peaks in Viridian's cash out flows and requirements to provide LOCs;
- an under-recovery of regulated entitlement in Power NI and PPB;
- unplanned outages, billing delays or temporary adverse natural gas price movements, which can cause volatility in Viridian's working capital requirements;
- a deterioration in Viridian's credit or a reduction in its credit ratings;
- volatility in commodity prices that increases collateral margin or credit requirements;
- the requirement to fund change-in-law costs should a generator under contract with PPB not be able to raise funds;
- a material breakdown in Viridian's risk management procedures; and
- the occurrence of material adverse changes in Viridian's businesses that restrict its ability to access its liquidity facilities.

Although Viridian expects to manage actively the liquidity exposure of existing and future hedging arrangements, any significant increase in the price of natural gas could result in its subsidiaries being required to provide cash or letter of credit collateral in substantial amounts. In addition, any perceived reduction in Viridian's or one of its subsidiary's credit quality could result in clearing agents or other counterparties requesting additional collateral. In the event Viridian's liquidity facilities are being used largely to support its long-term hedging strategy as a result of a significant increase in the price of electricity and natural gas or significant reduction in credit quality, Viridian and its subsidiaries may have to forego certain capital expenditures, acquisitions or other investments in its businesses, or other business opportunities.

Further, an inability to meet liquidity needs could adversely impact the evaluation of Viridian's and its subsidiaries' creditworthiness by counterparties and rating agencies, which could significantly limit Viridian's wholesale markets activities. Accordingly, if Viridian is unable to manage its liquidity position successfully for these or other reasons, this could have a material adverse impact on its financial condition and results of operations.

Viridian faces growing competition in each of its markets, which could lead to a loss of customers and depressed margins.

The electricity and natural gas markets in which Viridian operates are subject to competition from existing market participants and new market entrants, which could adversely affect Viridian's market share in both the residential and business sectors. The liberalisation of the residential electricity supply market in Northern Ireland commenced in 2007, where Power NI is currently the incumbent electricity supplier. Active competition in Northern Ireland did not begin until June 2010, and, while Airtricity and Budget Energy are currently the only active competitors operating in this market, new competitors may enter this market in the near to medium-term. In the RoI competitive retail electricity market, Viridian's principal competitor is the local incumbent electricity utility, the Electricity Supply Board, or ESB, which has the advantage of long-standing relationships with its customers, as well as well-known brand recognition, although ESB has recently been required to rebrand as "Electric Ireland" to minimise the advantage of its legacy position. It is also possible that the RoI government could start the sales process in 2012 of certain competing assets (such as the energy division of BGE or the minority stake in ESB), which could further increase the level of competition Viridian faces in the RoI. Viridian also faces competition from a number of other established competitors in this market, as it does in the competitive retail electricity market in Northern Ireland and in the competitive retail gas market in the RoI, where its principal competitor is the local incumbent natural gas utility, BGE.

In addition to competition from existing competitors in Northern Ireland and the RoI, Viridian may face competition from a number of other energy service providers, new energy mediums or other energy industry participants, who may develop businesses that will compete with Viridian's. Some of Viridian's competitors or potential competitors may be larger or better capitalised than Viridian or they may be government owned, as is currently the case with ESB and BGE. Existing and new competitors in each of Viridian's markets may also offer lower prices and offer other incentives, which may attract customers away from Viridian, thereby reducing Viridian's market share. Furthermore, NIEES has been re-branded as Power NI following the sale of NIE by Viridian and in accordance with the terms of the disposal agreements entered into with ESBNI. It is using the NIE name in association with its new name for an interim period, and will cease to use the NIE name by the end of March 2012. Power NI will incur certain associated re-branding costs, and this re-branding may cause it to experience a loss of customers and goodwill over the course of Fiscal Year 2012 and beyond. This, in addition to increased competition in Ireland, may have a negative impact on Viridian's financial condition and results of operations.

Surplus capacity could result in lower than expected profits.

The SEM is a small electricity market by international standards; the addition of a new baseload electricity generation plant into the SEM can represent a material increase to total generating capacity and have a significant impact on the utilisation of existing plants that may be positioned behind it in the merit order. For example, in April 2010, ESB commissioned the Aghada CCGT plant and, in November 2010, BGE commissioned the Whitegate CCGT plant. According to the Generation Capacity Statement 2012-2021, there is expected to be a net increase of new thermal capacity of 684MW in 2013 (this includes 243MW non-firm capacity), a net reduction of 141MW in 2014, a net addition of 100MW in 2015 and a net reduction of 417MW in 2016. According to the Generation Capacity Statement 2012-2021, renewable capacity will grow by 1,805MW between January 2012 and December 2016. This capacity will be primarily wind generation with an assumed load factor of 31%. As a result of an observed decline in demand in 2011, the potential for further demand reductions in the future, and the anticipated ongoing increase in wind and other capacity, the SEM is experiencing, and will continue to experience, excess capacity until sufficient additional demand materialises, and/or some existing plants close. Surplus capacity could impact the profitability of generating plants in the SEM, including those owned by Viridian. Sustained excess capacity above and beyond that which the system operator is currently forecasting, together with the introduction of new, more efficient plants and renewable generators, could have a material adverse effect on Viridian's results of operations, prospects and/or financial condition.

Viridian's businesses are subject to complex governmental legislation and regulations that have impacted, and may in the future impact, its business and/or results of operations.

Viridian operates in a highly regulated environment, and its businesses are subject to a wide range of complex governmental legislation and regulation, including those administered by administrative bodies in the RoI, the UK and the EU, including the NIAUR, the DETI, the CER, the SEM Committee and the DCENR, with respect to matters including, but not limited to, market structure, design and deregulation, construction and operation of generation and transmission facilities, acquisition, disposal, depreciation and amortisation of regulated assets and facilities, recovery of costs and investments, decommissioning costs, return on Power NI's and PPB's regulated business activities, market behaviour rules, present or prospective wholesale and retail competition, and environmental matters. Viridian is also subject to general competition rules and may be subject to pro-competition governmental policies in Ireland. In addition, the Group is subject to applicable public procurement law, including the EU Utilities Directive. The third EU energy package and EU regional integration initiatives in the electricity and gas sectors, which save for limited exceptions, were required to be implemented by 3 March 2011, a process which remains ongoing, are likely to require changes to the Irish electricity and gas markets over coming years, including in relation to the implementation of the European Target Models for electricity and gas markets. Changes in, revisions to, or reinterpretations of existing and pending laws and regulations may have an adverse effect on Viridian's businesses. Further, management's ability to take actions and implement new policies may be constrained by government regulations. For a discussion of existing regulations governing Viridian's businesses, see "Business—Regulation of the Market".

Viridian's revenues and results of operations may be negatively impacted by decreasing infra-marginal rent, capacity prices or regulatory action.

Viridian's results of operations depend to some extent upon infra-marginal rent, generally defined as the difference between the SMP and its short-run marginal cost. The prices that Viridian receives for the sale of electricity at wholesale may be impacted by factors, such as demand, other plant availability, the amount of wind generation and underlying fuel prices including the relative cost of gas and coal generation and the impact on the SEM merit order. SEM prices may also fluctuate substantially over relatively short periods of time. During periods of low demand or high availability of wind or other sources of electricity generation, prices may be depressed. At times, there may also be political pressure, or pressure from regulatory authorities with jurisdiction over wholesale and retail energy prices and use of system and natural gas transportation charges, to impose price limitations, bidding rules and other mechanisms which may have the effect of depressing prices in these markets. Examples of features of the market subject to regulatory or political influence impacting on Viridian's returns include taxes (including the Carbon Revenue Levy), limitations on the ability to pass through costs of production into electricity prices (such as the Carbon Revenue Levy and gas capacity costs), reduction or abandonment of the UK carbon floor price in Northern Ireland and initiatives aimed at renewables, such as the RO scheme in Northern Ireland and the REFIT scheme in the RoI, each of which is described in "Industry Overview". Further, while Viridian benefits from regulatory price controls in relation to Power NI and PPB, these price controls are subject to regulatory intervention, which could reduce the prices that Viridian is able to charge for the supply of electricity in Northern Ireland, even if Viridian's costs remain the same, and which can therefore negatively impact Viridian's results. For example, the NIAUR has published proposals for PPB's price control for the three year period commencing 1 April 2012 which reflect the reduction in the generation capacity under contract to PPB since the last price control review. A final decision is expected before the end of March 2012. In addition, the capacity payment pot or the pool of money from which capacity payments are taken, which is subject to change by regulators, was recently reduced by approximately 3%, effective January 2012. A reduction in prices as a result of these or other factors could have a material adverse impact on Viridian's revenues and results of operations.

Viridian's revenues and margins of operations may be negatively impacted by volatility in the markets for electricity, natural gas, coal and CO_2, as well as exchange rate fluctuations.

Fuel for Viridian's Huntstown CCGT plants is purchased under short-term contracts or on the spot market (*i.e.,* for immediate delivery). Input costs of generation, including natural gas, coal and CO_2, may vary greatly, and, while these costs may be passed through into the SEM, the price Viridian can obtain for electricity sales from its customers may not change at the same rate as changes in input costs. Volatility in the foreign exchange market can also affect the price of inputs, and, consequently, Viridian's costs and earnings.

For example, the recent downturn in European economic conditions has reduced the price of carbon credits, which has in turn driven down the price of coal. The reduced price of coal has caused one of Ireland's two coal-fired generators, Moneypoint (commissioned in 1985), to move up in the SEM merit order where it now ranks ahead of most CCGT plants, including Huntstown 1 and Huntstown 2. This change has reduced the utilisation of both plants.

Volatility in market prices for electricity and natural gas may result from, among others, the following factors:

- severe or unexpected weather conditions;

- seasonality;
- changes in electricity and fuel usage;
- illiquidity in the wholesale electricity market or other markets;
- transmission or transportation constraints, inoperability or inefficiencies;
- availability of competitively-priced alternative energy sources;
- changes in supply and demand for energy commodities;
- changes in generation efficiencies;
- outages at VP&E's generation facilities or those of its competitors;
- changes in production and storage levels of natural gas, coal, crude oil and refined products;
- natural disasters, wars, sabotage, terrorist acts, embargoes and other catastrophic events; and
- national energy, environmental and other regulation and legislation.

Viridian attempts to minimise its exposure to price volatility and to achieve margin certainty by selling forward the electricity generated by it in advance and placing corresponding fuel-related hedges. However, it may not be possible to enter into forward sales at commercially acceptable terms, or at all, for any or all of its electricity. Therefore, despite Viridian's hedging policies, volatility in the markets for electricity, natural gas, CO_2, or foreign exchange could have a material impact on Viridian's financial condition and results of operations.

Viridian's assets or positions cannot be fully hedged against changes in commodity prices and market utilisations, and its hedging transactions may not work as planned.

Viridian cannot fully hedge the risks associated with changes in electricity prices, natural gas prices or generation plant utilisations, or its size relative to the market. To the extent Viridian has unhedged positions, fluctuating commodity prices, and inaccuracies in forecasting SMP under the SEM can materially impact its results of operations and financial condition, either favourably or unfavourably.

To manage its financial exposure related to commodity price fluctuations and shortfalls in CO_2 emission allowances, Viridian routinely enters into contracts to hedge portions of its purchase and sale commitments, including fuel requirements and natural gas and other commodities, within established risk management guidelines. As part of this strategy, Viridian routinely utilises fixed-price forward physical purchase and sales contracts and financial swaps traded in the over-the-counter markets or on exchanges. Specifically, VP&E employs commodity swaps to hedge its exposure to natural gas prices and forward purchase contracts to hedge its shortfall of CO_2 emission allowances, while PPB hedges its exposure to commodity price fluctuations with respect to its generation contracts through the use of commodity swaps and forward purchase contracts. Further, VP&E, Power NI and PPB enter into CfDs to hedge their exposure to SMP volatility.

Due to lack of liquidity in the SEM CfD market, VP&E also hedges exposure to SMP volatility by hedging the most significant underlying influences on pool price, namely natural gas, CO_2 and foreign exchange. These hedges are not a perfect hedge to pool prices, as pool prices are also influenced by, amongst other things, weather, demand, fuel mix in the SEM, including the relative cost of natural gas compared to coal and plant availabilities.

Although Viridian's businesses devote a considerable amount of management time and effort to the establishment of risk management procedures, as well as the ongoing review of the implementation of these procedures, the procedures in place may not be followed or may not always function as planned and cannot eliminate all the risks associated with these activities. Further, hedges on production inputs including fuel, may not match movements in the SMP. As a result of these and other factors, Viridian cannot predict the impact that risk management decisions may have on its business, financial condition or results of operations and hedging policies may yield windfalls or shortfalls.

Recent dislocations in credit and capital markets may make it more difficult for Viridian to borrow money or otherwise raise capital.

Viridian and its subsidiaries rely on access to the capital markets as a significant source of liquidity for capital requirements not satisfied by existing credit facilities (such as the Revolving Credit Facility), cash on hand or operating cash flows. However, recent dislocations in credit markets, including the project debt markets, have resulted in a decrease in the amount of credit being made available by banks and other lending institutions, and has generally made the terms and conditions upon which available credit is offered more stringent. Some of the other factors which could impact Viridian's ability to access capital on acceptable terms include:

- economic weakness in the Northern Ireland and RoI markets;
- changes in interest rates; and
- a deterioration of Viridian's credit or the credit of its subsidiaries or a reduction in its credit ratings.

As a result of these and other factors, Viridian's access to credit from the capital markets in order to refinance the Revolving Credit Facility, the Junior Credit Facility or the Notes offered hereby may be impaired. In addition, Viridian may not be able to secure future facilities to finance the expansion of its portfolio of wind farm assets or to refinance existing project finance facilities in relation to these wind farms. Furthermore, Viridian may seek to grow its business through opportunistic acquisitions of projects or businesses, which, in some circumstances, will require Viridian to obtain additional financing in the credit or capital markets.

Due to the impending maturity of the Existing Senior Credit Facilities, Viridian has recently experienced difficulties supplying LOCs covering periods beyond the maturity date of this Facility, though management believes this issue will be resolved through the Refinancing. However, to the extent that Viridian is unable to refinance its existing credit facilities or expand its business because of a lack of available financing, this could have a negative impact on its financial condition and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Letters of Credit".

Viridian is exposed to counterparty risk to the extent that it engages in hedging and risk management activities.

To the extent that Viridian engages in hedging and risk management activities, it is exposed to the risk that counterparties that owe it money, energy or other commodities as a result of market transactions will not perform their obligations. Should the counterparties to these arrangements fail to perform, Viridian may be required to enter into alternative hedging arrangements or honour the underlying commitment at then-current market prices. In such event, Viridian may incur losses in addition to amounts, if any, already paid to the counterparties. Participants in the markets in which Viridian operates are also exposed to risks that another market participant may default in its obligations to pay SEMO for electricity taken, in which case such costs, to the extent not offset by posted security and other protections available to the SEMO, may be shared across the various non-defaulting SEM market participants, including Viridian. This exposure should not be significant as the SEM is a fully collateralised market.

In connection with hedging and risk management activities undertaken through its affiliates, Viridian has guaranteed or indemnified the performance of a portion of its affiliates' obligations relating to such activities. Viridian may not be able to satisfy all of these guarantees and indemnification obligations, particularly if they were to come due at the same time. In addition, reductions in credit quality or changes in the market prices of energy commodities could increase the cash collateral required to be posted in connection with hedging and risk management activities, which could materially impact Viridian's liquidity and financial condition.

Viridian's business could be adversely affected if it is unable to maintain relationships with suppliers, regulatory authorities, customer advocacy groups and customers or if the entities that comprise these relationships cease to exist.

Viridian relies on current and future relationships with a relatively small number of suppliers and service providers for the operation and growth of its business and will continue to be reliant on third parties for its further development. For example, Viridian relies on Siemens and Mitsubishi to regularly maintain and service its Huntstown CCGT plants, as well as a small number of suppliers for its natural gas requirements, and Global Energy Services for the operation and maintenance of its owned wind farms. In addition, Viridian outsources a significant portion of its IT requirements to a third party supplier.

Viridian's dependence on these relationships may impact its ability to negotiate favourable contract terms with these counterparties, and there is no guarantee that it will be able to replace any material suppliers or service providers in a timely manner, or at all, in the event that any of these relationships were to be discontinued or terminated. If Viridian is unable to negotiate favourable contracts with its suppliers or service providers, or such suppliers or service providers are unable to fulfil their obligations, or discontinue business with Viridian, and Viridian is unable to find other suitable replacements, its business, financial condition or operational results may be adversely affected.

Viridian also has long-standing relationships with regulatory bodies, such as the CER, the DCENR, the NIAUR and the DETI, and with customer advocacy groups, such as CCNI, CBI and IBEC, in relation to its business activities in

Ireland. However, there is no guarantee it will continue to maintain these relationships with regulators or customer advocacy groups, and any disruption to these relationships may adversely affect its business.

In its electricity supply business, Viridian relies on its relationships with a number of large customers. While the loss of any single customer will not have a material impact on Viridian's business as a whole, if Viridian were unable to maintain its relationships with its large customers, it could lose market share, which could have a negative impact on turnover and profitability.

VP&E is primarily dependent on its two Huntstown CCGT plants for its electricity generation.

VP&E's two Huntstown CCGT plants (measured by installed capacity) accounted for approximately 95% of its installed electricity generation capacity for Fiscal Year 2011. Management expects that these facilities will continue to be the primary source for electricity generation and a major source of revenue over the medium-term. While management believes that the Huntstown CCGT plants are among the most reliable in Ireland, it is not improbable that Huntstown 1 or Huntstown 2 may incur an unexpected outage, leading to interruptions in service. For example, in June 2009, operations staff for Huntstown 2 identified that the main stop valve that prevents reheated steam from entering the steam turbine failed to close fully, resulting in a seven-day outage. In addition, a failure of a combustion chamber heat shield for Huntstown 1 resulted in an 18-day outage in May 2011. While Viridian maintains business interruption insurance (effective after 45 days of unplanned outage) and has back-up systems, disaster recovery plans and related procedures in place, if Viridian is forced to shut down any of its sites in the future for a significant period of time, it could have a material adverse effect on its business, financial condition and results of operations.

Mechanical failure, equipment malfunction and technological breakdown could adversely affect Viridian's business and operating results.

The successful operation of Viridian's business depends upon maintaining the integrity of its key systems and equipment, such as the CCGT plants at Huntstown 1 and Huntstown 2, Viridian's portfolio of wind farm assets and its integrated IT systems. However, Viridian's systems and equipment are vulnerable to damage, breakdown or interruption from events which are beyond Viridian's control, such as:

- fire, flood and other natural disasters;
- adverse weather conditions;
- trips in the electricity grid, in particular to the extent that these are not compensated through the SEM;
- failure of the gas transportation network;
- mechanical failures;
- telecommunications or data network failures; and
- unauthorised physical or electronic access, including cyber-attacks.

Systems or equipment failures beyond Viridian's control could also affect or damage Viridian's facilities, and, consequently, Viridian's electricity production capacity may be materially and adversely impacted. While Viridian maintains standard business interruption insurance for its Huntstown plants and wind farm assets, and has disaster recovery plans and prevention policies in place, any such damage or interruption could cause significant disruption to Viridian's operations. In the event that Viridian is forced to shut down any of its sites for a significant period of time as a result of mechanical failure, equipment malfunction or technological breakdown, it could be harmful to Viridian's business, financial condition, results of operations or reputation.

Further, generating equipment, even if maintained in accordance with good engineering practices, may over time require significant capital expenditures to keep operating at peak efficiency or reliability. The risk of increased maintenance and capital expenditures arises from, among other things: (i) increased starting and stopping of generation equipment due to the volatility of the competitive market; (ii) any unexpected failure, for example, caused by breakdown or forced outage; and (iii) damage to facilities due to storms, natural disasters, wars, terrorist acts and other catastrophic events.

Viridian's ability to successfully and timely complete capital improvements to existing facilities or other capital projects is contingent upon many variables, such as the reliability of third party contractors, weather conditions and availability of materials, and is also subject to substantial risks to being completed on time and on budget. Should any such efforts be unsuccessful, Viridian could be subject to additional costs and/or the write-off of its investment in the project or improvement which could have a material adverse effect on the business, financial condition and results of operation of the Group.

Viridian may not be able to adapt to changes in technology which, for example, may reduce the value of VP&E's Huntstown CCGT plants and may otherwise adversely impact Viridian's business.

New technologies could cause significant changes to the electricity and natural gas industries, and Viridian may be unable to adapt to these changes. For example, research and development activities are ongoing to improve existing, and create new, technologies to produce electricity, including gas turbines, fuel cells, microturbines and photovoltaic (solar) cells. It is possible that advances in these or other technologies will reduce the costs of electricity production from these technologies to a level that will enable these technologies to compete effectively with Viridian's traditional generation plants. While management is forecasting demand for electricity to increase throughout Ireland, the rate of construction and development of new, more efficient generation facilities may exceed increases in demand in some markets. In addition, such construction and development could have the effect of lowering the position of the Huntstown CCGT plants in the SEM merit order, thereby reducing their utilisation. This could also adversely impact Viridian by reducing the SMP, as the SMP is largely determined from the cost of the last marginal generator required to meet demand. Consequently, the profitability and market value of VP&E's Huntstown CCGT plants could be significantly reduced or the plants could even be rendered obsolete. Also, electricity demand could be reduced by increased energy efficiency and conservation efforts and advances in technology, which could significantly reduce the value of Viridian's generation assets. Changes in technology could also alter the channels through which customers buy electricity. To the extent self-generation facilities become a more cost-effective option for certain customers, Viridian's revenues could be reduced.

Viridian's ongoing operations may require increased capital expenditure at certain stages that will consume cash from its operations and borrowings.

From time to time, Viridian is required to make certain operational- and maintenance-related capital expenditure on its sites, such as equipment and other infrastructure maintenance, including machine parts for the Huntstown plants. Viridian's ability to undertake such operational and maintenance measures largely depends on its cash flow from its operations and access to capital. Viridian intends to continue to fund its cash needs through cash flow from operations. However, there may be unforeseen capital expenditure needs for which it may not have adequate capital. The timing of capital expenditures also may cause fluctuations in its reported financial results. See "—Viridian may face difficulties managing its liquidity position under certain circumstances, particularly during times when there are significant increases in electricity and natural gas prices".

Viridian may suffer damage as a result of its employees and agents acting outside Viridian's policies and procedures.

Viridian may suffer damage resulting from its employees' and agents' misconduct, operational errors or negligence. Such misconduct, errors or negligence may include, for example, inadvertent or careless mistakes or intentional acts or misrepresentations by employees or agents, breaches of applicable laws or regulations in the course of their duties, breaches of operational guidelines or other improper acts. While Viridian has systems in place designed to prevent and/or mitigate these risks, such systems may fail to detect or prevent such acts. Any misconduct, operational errors or negligence resulting from Viridian's employees or agents could lead to reputational damage, regulatory action and financial costs (such as Viridian being required to put customers back into the position in which they would have been had the misconduct, error or negligent act not occurred, or to compensate customers for losses incurred, including lost profits) where the cost is not covered by insurance or by another party. The consequences of such misconduct, operational errors or negligence could have a material adverse effect on Viridian's business, financial condition, results of operations or reputation.

Viridian's cost of compliance with environmental laws and regulations could materially adversely affect its results of operations and financial condition.

Viridian is subject to extensive environmental regulation by governmental authorities, and it may incur costs beyond those currently contemplated to comply with these requirements. Existing environmental regulations could be revised or reinterpreted, new laws and regulations could be adopted or become applicable to Viridian or its facilities, and future changes in environmental laws and regulations could occur, including potentially costly regulatory and enforcement developments related to greenhouse gas emissions. If it fails to comply with these requirements, Viridian could be subject to civil or criminal liabilities and fines, or operation of its facilities could be forcibly stopped, curtailed or modified, or could become subject to additional costs.

In addition, Viridian may be responsible for any on-site liabilities associated with the environmental condition of facilities that it has acquired, leased or developed, regardless of when the liabilities arose and whether they are known or unknown. In connection with certain acquisitions and sales of assets, Viridian may obtain, or be required to provide, indemnification against certain environmental liabilities. Another party could, depending on the circumstances, assert an environmental claim against Viridian or fail to meet its indemnification obligations.

Increasing attention to potential environmental effects of greenhouse gas emissions may also result in new regulation and restrictions on emissions of certain gases that may be contributing to climate change. Several governmental initiatives addressing climate change have been introduced in recent years, such as the EUETS Scheme and the Carbon Credit Scheme. The impact on Viridian of these schemes and any future greenhouse gas legislation or other regulation will depend in large part on the details of the requirements and the timetable for mandatory compliance. Although Viridian continues to assess the financial and operational risks posed by possible future legislative changes pertaining to greenhouse gas emissions, it is currently unable to predict any future impact on Viridian's financial condition and operations.

Nonetheless, the realisation of any of these risks could materially impact Viridian's profitability and business operations.

Pollution from Viridian's facilities may expose it to certain environmental liabilities.

Viridian could become liable under national or local environmental laws and regulations either as a polluter or as the party managing certain aspects of any of its owned facilities, including the Huntstown plants. It could also be held liable for environmental damage or health consequences that arise as a result of contamination from hazardous substances, such as oil or other lubricants used in its equipment. Viridian may also discover or otherwise become responsible for currently unknown environmental problems or conditions that could give rise to additional cleanup obligations or third party claims that may involve material liability and expenditures for it. Viridian does not have any provisions in its accounts for environmental liabilities but the Huntstown plants began carrying insurance in November 2011 that would cover such liabilities as a result of sudden and accidental pollution. Any of the foregoing could have a material adverse effect on Viridian's business, financial condition and results of operations.

Viridian's operations expose it to the risk of material health and safety liabilities, which leave it open to substantial liabilities, fines and penalties.

The nature of Viridian's operations subjects it to various statutory compliance and litigation risks under health, safety and employment laws. Viridian cannot guarantee that there will be no future accidents or incidents suffered by employees or others at its sites. If any of these incidents occur, Viridian could be subject to prosecutions and litigation, which may lead to fines, penalties and other damages, including reputational damage. Should Viridian be found negligent, it could be liable for damages for the injury suffered to the extent that such injury is not covered by insurance. Such events could have a material adverse effect on Viridian's business, operations, financial condition and results of operations.

Fluctuations in market prices of electricity and the availability of generators may adversely affect Viridian's wind farm generation and PPA results.

Viridian's profitability and potential growth is influenced by the prices it receives for the electricity it generated. VP&E's Renewables (PPA) business in the RoI is supported by the REFIT regime which protects it from downside market price fluctuations below the REFIT base price level. Above this level, revenues are dependent on wholesale electricity prices and subject to volatility. Volatility in electricity prices, which can be impacted by commodity prices for coal, oil, natural gas and carbon, and, in particular, a drop in the prices for such traditional energy fuels, may cause electricity generated from wind power to achieve a lower than anticipated market price and adversely affect Viridian's business.

VP&E's Renewables (PPA) business in Northern Ireland benefits from the RO regime, attracts ROC revenues and derives value from Levy Exemption Certificates in addition to the revenues from wholesale electricity prices, as described above for the RoI. See "Business—Viridian's Business Units—VP&E—Renewables (PPA)". VP&E obtains income from ROCs, both through the sale of surplus ROCS in monthly auctions and through obtaining its portion of the recycled buyout fund payment, which Ofgem distributes each year to electricity suppliers in respect of the ROCs held by them. The value of such buyout fund payment is based on the aggregate buyout payments Ofgem receives from electricity suppliers who did not meet their RO obligations in the preceding compliance period. However, VP&E cannot know in advance or control the auction prices it will receive or the amount of the buyout fund or the payment it will receive each year. A material downward fluctuation in the market prices of electricity, ROCs and Levy Exemption Certificates, or LECS, or the size of the recycled buyout fund may have a materially adverse effect on Viridian's financial results. Furthermore, any changes to the RO regime in the UK could have a negative impact on the value of ROCs in Northern Ireland, including those held by Viridian from time to time.

In addition, parties to Viridian's PPA agreements and Viridian-owned wind farms may experience reduced capacity availability as a result of generator faults, gear box rebuilds, grid availability issues or other mechanical failures, which could have an adverse effect on Viridian's revenues.

Reduction or abandonment of governmental support for renewable energy sources in general or wind farms in particular may adversely affect Viridian's operations.

The development of renewable energy sources relies, in part, on national and international regulatory and financial support for such development. For several years, the EU, the RoI and Northern Ireland have adopted policies and subsidies actively supporting renewable energy. Although the support for renewable energy has been strong in recent years and the EU, the RoI and Northern Ireland periodically reaffirm their desire to sustain and strengthen that support, these measures may be modified or allowed to lapse depending on a variety of factors, including political will, the burden (if any) that such measures place upon customers and the cost of traditional forms of energy generation.

As a result of the global financial crisis and the economic downturn, governments may reduce or eliminate subsidies for the renewable energy sector and may delay the implementation of legislation and other efforts geared towards developing this sector. The reduction or abandonment of governmental support for renewable energy sources in general or wind power, in particular, could render the renewable energy sector significantly less profitable and could have a material adverse effect on Viridian's business, financial condition and results of operations.

Further, governmental support and financial incentives may increasingly be provided to other or new forms of renewable energy. In particular, revenue from VP&E's renewables business depends on the existence and scale of incentives, such as the Northern Ireland RO and the RoI REFIT schemes, and also on the relative lack of other technically and financially viable alternative sources of renewable energy.

In the UK, a new system of ranking, or "banding", all forms of renewable energy generation under the RO scheme came into effect in 2009. Banding effectively gave more expensive, less established renewable technologies, such as gasification and tidal and offshore wind power, larger subsidies than those available for other types of energy, including onshore wind power. Such a shift in the pattern of incentives and in broader governmental support away from alternative technologies could make the sourcing of wind power less attractive to electricity suppliers and may prompt suppliers to fulfil their renewable electricity obligations by sourcing electricity from alternative renewable electricity sources that yield higher volumes of ROC per MWh purchased. For onshore windfarms commissioning in Northern Ireland after 1 April 2013, the renewable obligation certificate value will be reduced to 0.9 ROCs per MWh, from the current level of one ROC per MWh. This reduction does not apply to onshore windfarms which are operational at that date, or which become operational within a proposed grace period of six months, nor will it apply to windfarms that generate less than 5MW. Though electricity market reform, which is currently being considered in the UK, proposes new, potentially less generous renewable support mechanisms, this reform is expected to grandfather ROC rights received prior to 1 April 2017. VP&E's Northern Ireland wind farm development projects are expected to qualify for ROCs in advance of this date, but there is a potential risk that the proposed grandfather rights date could be changed. If any of the VP&E wind farm development projects fail to be grandfathered into ROC rights, this would impact Viridian's financial condition, results of operations and profitability. Also, if the ROC support mechanism is replaced in Great Britain this could affect the value of ROCs in Northern Ireland if they remain the method of renewable support in that jurisdiction.

In the RoI, REFIT duration or level of support could be reduced for qualifying projects which were not operational by 31 December 2010. Given the current backstop date of 31 December 2025 for the current phase of REFIT support, 15 year PPAs for such projects would extend beyond that backstop date. The RoI government has recently requested European Union State Aid clearance through a simplified procedure for an extension of up to 2 years for projects that were not operational by this deadline. Until this happens, VP&E's RoI wind farm development projects that were not operational by this deadline due to delays in grid provision could receive a lesser duration of REFIT support.

On 13 January 2012, the RoI government received European Union State Aid clearance for a new REFIT scheme (REFIT II) for projects that will not be able to take advantage of REFIT I. The RoI government is expected to formally approve the levels and structures of support under REFIT II by Spring 2012. In the event that an extension to REFIT I is not achieved, VP&E's RoI wind farm development projects that were not operational by 31 December 2010, would be able to qualify for REFIT II support, albeit at a reduced level of support.

Significant reductions in the level of renewable support may have a material adverse effect on Viridian's business, financial condition and results of operations.

In addition, the lack of sectoral renewable diversification and concentration of onshore wind within the SEM increases VP&E's vulnerability to changes in national laws and regulations, especially any change to the renewable support mechanisms that would reduce support for wind power. Viridian cannot guarantee that rapid or significant modifications to current laws or regulations will not occur in the future, either at the initiative of regulatory authorities or following an action initiated by a third party to overturn current regulations. Such modifications could have a material adverse effect on Viridian's business, financial condition and results of operations.

The amount of electricity actually produced by VP&E's wind farms and PPAs may vary from its estimates.

As is the case for most wind farm operators, estimating the amount of electricity generated by VP&E's wind farms and PPAs is inherently subject to uncertainty. Estimates of output are based on various assumptions, many of which are beyond an operator's control, including, for example, weather conditions and VP&E's estimate of the future availability of wind farms. The amount of electricity actually produced by VP&E's owned and contracted wind farms or the volume of electricity generated therefrom in the future may vary materially from its estimates.

Subsequent evaluations of Viridian-owned wind farms and third party wind farms with which VP&E has PPAs, based upon production data or other information, may result in material revisions to its estimates. Any significant negative variance in the amount of electricity produced by Viridian-owned wind farms or procured through PPAs, or a change in the proportion of wind energy that can be captured and utilised by such wind farms or their ability to convert wind energy to electricity, could adversely affect VP&E's revenues and the profitability of VP&E's renewables.

Viridian faces development risks related to the construction and development of wind farms.

While Viridian is disposing of its in-construction and operational wind farm assets, it plans to undertake construction of new wind farms in the future. Any construction delays, grid delays, changes in government or internal policy, or issues with local landowners or persons adjoining public roads could result in delays to the estimated commencement date for commercial operations, increased costs, and the need to obtain planning amendments, any of which could have a material adverse effect on the business, revenues and results of operations of the Group.

Viridian-owned wind farm development projects must obtain a connection to the electricity grid. This may be costly and time consuming, as it entails various stages ranging from obtaining initial consent to establishing the physical connection to the grid. In addition, these development projects must obtain planning consents and wayleaves for other elements of these grid connections, obtain all necessary access rights, and satisfy certain pre-commencement planning conditions, which can take a significant amount of time and may be costly. Any failure to obtain grid connections, planning consents, wayleaves or access rights or to satisfy any planning conditions could have an adverse effect on the business, revenues and results of operations of the Group.

As discussed further in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Sale of Viridian's Portfolio of Operating and In Construction Wind Farm Assets", Viridian is disposing of substantially all of its ownership interest in its portfolio of seven operational and three in-construction wind farm assets. As part of this disposal, Viridian will initially transfer an ownership interest in its pipeline of development assets in the RoI to WindCo, a newly incorporated subsidiary of ElectricInvest I Limited, which is not part of the Viridian Group. Viridian expects to re-acquire these assets prior to the ultimate sale of its operational and in-construction wind farm assets to a third party. In order to re-acquire these assets, Viridian will be required to obtain the consent of its project finance lenders. If it is unable to obtain this consent, these assets will continue to be held outside the Viridian Group, and Viridian will be unable to develop them in line with its strategy though it expects to retain PPAs related to these assets.

In addition to Viridian's wind farm assets, the third party wind farms with which VP&E has PPAs, and which are not yet operational, face similar development challenges which could lead to delays in the commencement of commercial operations. Any such delays could have an adverse effect on the business, revenues and results of operations of the Group.

PPB's contracts may be terminated by the NIAUR which may adversely affect Viridian's results.

The right of early termination of PPB's contracts rests exclusively with the NIAUR. The NIAUR may cancel PPB's contracts at its three power stations in Northern Ireland at any time from the earliest cancellation dates specified in both the PPB's and the generator's licences, provided that the NIAUR has followed the cancellation process set out in the licences (including the provision of 180-days' notice of early cancellation). The NIAUR must also act in accordance with its statutory duties, specifically the duty to protect the interests of customers, which means the NIAUR should only cancel a PPB contract if it would be commercially beneficial for Northern Ireland consumers for it to do so.

The earliest date on which the NIAUR may cancel PPB's contract for the CCGT units (600MW) at the Ballylumford site is 1 April 2012. The earliest cancellation date for the remaining units at the Ballylumford, Kilroot and Coolkeeragh sites was 1 November 2010, and, therefore, the NIAUR may cancel PPB's contracts for these units at any time, provided that the NIAUR has given notice and followed the process set out in the relevant licences. The NIAUR recently completed a review of PPB's contracts, and, on 9 September 2011, published a consultation paper on its decision not to cancel any contract from 1 April 2012, but to keep these contracts under review. This was also confirmed in a statement published on 22 December 2011. However, the NIAUR may give notice of its intention to issue a direction to cancel any such contracts subject to a 180-day notice period. Cancellation of contracts by the NIAUR could impact the terms of future price controls for PPB or, if all of the contracts were cancelled, result in the cessation of the PPB business. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations”.

Viridian relies on electricity and natural gas interconnectors with the UK to meet its electricity and natural gas requirements.

Viridian relies on natural gas interconnectors from Great Britain for its natural gas supply. In the RoI, there are two interconnectors, IC1 and IC2, that transport natural gas from Great Britain’s natural gas transmission network. The natural gas transmission system in Northern Ireland imports natural gas from Scotland through the Scotland-to-Northern Ireland Pipeline. Disruption of, or any restriction on access to, these pipelines, or of the common single-section of pipeline on mainland Scotland that supplies these pipelines with natural gas, would impact upon the ability of Viridian’s Huntstown plants to operate.

Viridian also purchases electricity from the UK through the Moyle Interconnector. A significant disruption in transmission from the Moyle Interconnector could force it to purchase additional quantities of electricity from alternative sources under unfavourable commercial terms, which could significantly increase Viridian’s expenditure for electricity.

Any disruption to the supply of natural gas or electricity from Great Britain to the RoI or Northern Ireland could significantly increase Viridian’s expenditure for natural gas (or alternative fuel sources) or electricity and could have a material adverse effect on the business, financial condition and results of operations of the Group.

Following the disposal of NIE in 2010, Viridian receives certain transitional services from NIE which will only be provided for a limited period of time.

In connection with Viridian’s disposal of NIE in December 2010, Viridian agreed to certain transitional service arrangements with NIE for varying durations following the completion of the disposal. Under the terms of these arrangements, NIE has agreed to continue to provide certain systems-related services to Viridian up to December 2012, including IT-related services, application hosting services, disaster recovery and business continuity services, telecommunications services and certain other administrative services which Viridian relies upon for the uninterrupted operation of its business. Following the transitional period for each service, Viridian will no longer be able to rely on NIE for the provision of these services, which Viridian will need to perform on its own or outsource to one or more third-parties. Viridian is currently developing these services independent from NIE. To the extent Viridian is unable to perform these functions successfully on its own or outsource them before the end of the transitional period, Viridian’s business, financial condition and results of operations may be adversely affected.

Viridian’s results of operations may be adversely impacted if it were to become obligated to make payments under certain warranties or indemnities it has provided to ESBNI.

In connection with the disposal of NIE, Viridian provided certain warranties and indemnities to ESBNI pursuant to which it may be required to make payments now or in the future. The negotiated sale and purchase agreement with ESBNI contained warranties and contractual limitations for warranty claims that would be customary for a disposal of this size and nature. The indemnities provided include, among others, those given: (i) in respect of any liability accruing to ESBNI as a result of Viridian failing to release certain charges (in connection with its finance arrangements) over sale assets; (ii) in relation to any losses suffered or incurred by NIE as a result of NIE’s obligations in respect of certain PPA guarantees; (iii) as a result of Viridian not having relevant IT consents/approvals during a defined IT cure period; (iv) with respect to any liability attaching to ESBNI as a result of the use of IP or data licenced to Viridian in breach of the IP rights of a third party; and (v) in respect of pensions. Furthermore, pursuant to a tax deed of covenant entered into with ESBNI in connection with the disposal of NIE, certain of the Guarantors have also agreed to indemnify ESBNI, among other things, in respect of (i) any taxation suffered that arises (a) on or before 31 March 2010; or (b) outside the ordinary course of business after 31 March 2010 but on or before 31 December 2010; and (ii) certain secondary tax liabilities arising by virtue of a failure of a member of Viridian to pay taxation assessed on it, in each case subject to certain customary exclusions. While management does not believe that it will be necessary to pay any amounts under these warranties, indemnities or this tax deed of covenant, no assurance can be given that Viridian will not be obligated to make payments to ESBNI. If Viridian is required to make any such payments, it could have a material adverse impact on its financial condition and results of operations.

Viridian’s insurance policies may not cover it for all losses incurred.

Viridian currently has insurance arrangements in place that management believes provide a level of coverage adequate for an energy generation and supply business of the size and with the scope of operations of Viridian and comparable to industry norms. Its policies cover product and public liability, property damage, business interruption, employer's liability, directors' and officers' liability and credit risk insurance. However, these insurance policies may not cover any losses or damages resulting from the materialisation of all of the risks to which Viridian is subject. For example, like other power companies, Viridian is not insured for the risk of viruses attacking its operational IT systems. Furthermore, in the event Viridian suffers a loss in relation to an insured risk, there is no guarantee that the amount of insurance protection to which Viridian is entitled will be sufficient to cover the entire loss incurred. Insurance, warranties or performance guarantees may not cover all or any lost revenues or increased expenses from business interruptions or other events, including the cost of replacement electricity. Likewise, Viridian's ability to obtain insurance, and the cost of and coverage provided by such insurance, could be affected by events outside its control. Viridian's future inability to obtain important insurance policies at all, or on commercially acceptable terms, could have an adverse impact on its business.

Viridian's results of operations may be adversely affected by an increase in the rate of any applicable taxes.

If Viridian does not increase the prices of its products to match an increase in the rate of taxes (including, for the avoidance of doubt, value added tax and other sales taxes), its profitability margins may be reduced. Moreover, if Viridian is able to pass through the increase in tax to its customers by raising the prices of its products, the demand for its products could decline. There may also be other new or expanded taxes in the future that could increase Viridian's costs and/or reduce its turnover, thereby adversely impacting its business.

Litigation or legal proceedings could expose Viridian to significant liabilities, damage its reputation and have a material adverse effect on its results of operations.

Viridian and its subsidiaries are involved in the ordinary course of business in a number of lawsuits involving employment, commercial, intellectual property, environmental, and injuries and damages issues, among other matters. Management evaluates litigation claims and legal proceedings to assess the likelihood of unfavourable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, Viridian establishes provisions and discloses the relevant litigation claims or legal proceedings, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgement. Actual outcomes or losses may differ materially from current assessments and estimates. The settlement or resolution of such claims or proceedings may have a material adverse effect on Viridian's results of operations. Viridian is also exposed to the risk that it may become the subject of regulatory investigations the outcome of which could have a negative impact on its business.

Viridian's retail business is subject to the risk that sensitive customer data may be compromised, which could result in an adverse impact to its reputation and results of operations.

Viridian's retail businesses require access to sensitive customer data in the ordinary course of business. Examples of sensitive customer data include names, addresses, bank account information, historical electricity usage, expected patterns of use, payment history, credit bureau data, and credit and debit card account numbers. In addition, Viridian's retail businesses provide sensitive customer data to vendors and service providers who require access to this information in order to provide services to the retail businesses. If a significant or widely publicised breach occurred, whether as a result of a failure of Viridian's IT security systems, employee negligence or the actions of Viridian's vendors, the reputation of Viridian's retail businesses may be adversely affected, customer confidence may be diminished, and its retail businesses may be subject to legal claims, any of which may contribute to the loss of customers and have a negative impact on the Group's results of operations and financial condition.

Viridian's inability to attract and retain key personnel could adversely affect its business.

Viridian's future success will depend on its ability to attract and retain highly qualified personnel. The departure of any of Viridian's executive officers or key employees would have a negative impact on its operations, including possibly adversely affecting Viridian's ability to provide the service levels its customers expect. This is particularly true with respect to the renewable energy industry, as it is highly specialised, relatively young and there is a limited pool of technically qualified personnel. Viridian competes with many companies, government entities and other organisations for such personnel, and, consequently, Viridian has encountered and may continue to encounter difficulties in retaining its key employees and attracting new personnel. Any such difficulty in retaining and/or attracting key personnel could have a material adverse effect on Viridian's business, financial condition, results of operations or reputation.

Increases in the costs of labour and work stoppages could increase Viridian's operating costs and reduce operating margins.

As of 31 March 2011, Viridian had approximately 359 full-time personnel, approximately 26% of whom were represented by three labour unions: GMB, Prospect and United. Viridian also utilises part time employees and contractors from time to time. Under certain circumstances, labour unions may request formal recognition by management, which would entitle the labour unions to full negotiation rights. Any such recognition could increase employment costs. In addition, if Viridian personnel were to engage in a strike, work stoppage or other slowdown in the future, Viridian could experience a significant disruption of its operations and an increase in its operating costs.

The interests of Viridian's principal shareholder may be inconsistent with the interests of the holders of the Notes.

The Group is owned by funds held and managed or advised by Arcapita, an investment bank specialising in private equity which is incorporated in the Kingdom of Bahrain and licensed and regulated by the Central Bank of Bahrain. Arcapita has and will continue to have, directly or indirectly, the power to affect Viridian's legal and capital structure and its day-to-day operations, as well as the ability to elect and change management and to approve other changes to Viridian's operations. The interests of Arcapita could, in certain circumstances, conflict with your interests, particularly if Viridian encounters financial difficulties or is unable to pay its debts when due. For example, Arcapita could cause Viridian to incur additional indebtedness. Arcapita could also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgement, could enhance their equity investments, although such transactions might involve risks to you as a holder of Notes.

Viridian may be required to provide additional funding to its pension scheme.

Viridian Group Limited is the principal employer of the VGPS. This scheme was established following the sale of NIE and came into effect on 1 April 2011. It has two sections, a defined contribution section covering 179 employees and a defined benefit section covering 58 employees and one recently retired pensioner. New entrants may only be admitted to the defined benefit section with the consent of the principal employer, though only one employee has been admitted since the scheme closed in 1998. In addition, the Complementary Pension Plan provides additional defined benefits for salary above HM Revenue & Customs' earnings cap to certain previous Group directors who are members of the defined benefit section of the VGPS. There is also a defined contribution scheme for employees in the RoI known as 'Choices', which covers 58 employees. The assets of the schemes are held separately from those of the Group.

The defined benefit pension scheme deficit as at 31 December 2011 under Financial Reporting Standard No. 17 was £2.0 million net of deferred tax. This is based on pension assets of £20.9 million and liabilities of £23.6 million, which is equal to a deficit of £2.7 million before a deferred tax asset of £0.7 million. The assets and liabilities take into account the estimated bulk transfer due from NIE's pension scheme, which is underwritten by the purchaser of NIE as part of the overall commercial agreement, which is expected to take place by 31 March 2012.

By law, the investment strategy for the defined benefit section is determined by the trustees of the scheme, and it is likely to be funded by investment in UK and international equities, bonds and other external assets. The scheme's liabilities reflect current salary levels, together with assumptions to be agreed by the principal employer and the trustees of the scheme for future salary increases, investment returns, inflation and mortality rates. The values of such assets are dependent upon, amongst other things, the performance of the UK and international equity and debt markets. A decline in pension asset values or increases in liabilities due to different actuarial assumptions being used (either resulting from changes in market conditions or by the application of a different actuarial methodology agreed by the principal employer and the trustees of the scheme, or imposed by the UK Pensions Regulator if the actuarial methodology and assumptions cannot be agreed by them) may result in an increase in the net pension liability and increase the cost of funding the defined benefit section.

The VGPS has not had its first actuarial valuation yet, so figures for the deficit on the scheme funding and buyout measures are not currently available. The scheme funding basis is used to determine cash contributions, and the buyout basis represents the amount that would be required in the event of winding up of the scheme or insolvency of the employers. The first actuarial valuation will be carried out with an effective date no later than 12 months after the establishment of the scheme, and will conclude within 15 months of this effective date.

Further, investment decisions made by the trustees of defined benefit schemes can impact on the funding requirements of the scheme. In particular, trustees are given power by statute to determine the investment mix for the assets of the scheme, subject only to a requirement to consult the employer (and any limits provided for in the trust deed). Should the trustees of the VGPS choose to move to an investment strategy with higher bond and lower equity exposures, for example, then, assuming that equities outperform bonds over the long-term, the cost of providing the benefits under the defined benefit section may increase.

The Group is subject to certain statutory powers of the UK Pensions Regulator who may issue a "financial support direction" or "contribution notice" against it, which, in the event of an insolvency of the Group, would rank ahead of unsecured creditors' claims.

The defined benefit section of the VGPS constitutes a "defined benefit occupational pension scheme". The UK Pensions Regulator has certain statutory powers which it can use to secure funding for defined benefit occupational pension schemes in the UK, including the power to issue a "financial support direction" to any company which is connected or associated with an employer who participates in an occupational pension scheme where an employer is "insufficiently resourced" (as defined in the relevant legislation) and the other company is sufficiently resourced. A financial support direction could require the recipient company to provide financial support to the pension scheme. The UK Pensions Regulator also has the power to issue a "contribution notice" to any person or company that is connected or associated with an employer who participates in an occupational pension scheme where the recipient has participated in certain decisions or acts set out in the legislation or has caused a "material detriment" to the pension scheme. In both cases, it must be reasonable in the circumstances for the UK Pensions Regulator to use these powers. The UK Pensions Regulator also has statutory power to impose funding obligations on employers participating in an occupational pension scheme where the trustees of the scheme and the employers have not reached agreement on the funding of the scheme within the prescribed period following an actuarial valuation.

In the event that the Group is subject to insolvency proceedings, current case law indicates that any contribution notices and/or financial support directions issued by the UK Pensions Regulator after the insolvency would rank as expenses of the insolvency, and therefore behind holders of fixed charges, such as the holders of the Notes, but ahead of the holders of floating charges and the claims of unsecured creditors.

Terrorist attacks and other acts of violence or war may affect Viridian's business and results of operations.

Terrorist attacks and other acts of violence or war may negatively affect Viridian's business and results of operations. There can be no assurance that there will not be terrorist attacks or violent acts that may directly impact Viridian and its customers or partners. While Viridian maintains terrorism insurance on its Huntstown plants, any of these occurrences could cause a significant disruption in Viridian's business and could adversely affect its business, financial condition and results of operations.

Risks Related to Viridian's Indebtedness

Viridian's significant indebtedness could adversely affect its financial condition, its ability to operate the business, react to changes in the economy or in the industry and pay its debts and could divert its cash flow from operations for debt payments.

As of 31 December 2011, after giving *pro forma* effect to the Refinancing, the Group had an aggregate principal amount of £418.6 million equivalent of secured indebtedness outstanding under the Notes based on an exchange rate of €1.1942 (as reported by the Financial Times on 29 February 2012) and $1.5975 (the Bloomberg Composite Rate for dollars against pounds sterling on 29 February 2012) per £1.00. In addition, the Revolving Credit Facility, which can be drawn in Sterling or euro under the Revolving Credit Facility Agreement, is in an original amount of £225 million. Any amounts drawn under the Revolving Credit Facility are permitted to be used for the general corporate purposes of the Group other than for payments in respect of any dividends, or with respect to capital expenditures or acquisitions of businesses or any repayment, prepayment, redemption, purchase, repurchase or defeasance of the Notes. There is a separate sub-limit of £125 million on utilisations by way of loans (provided that such sub-limit shall not apply if such loans are solely used to provide cash cover for LOCs) and a separate sub-limit of £50 million for ancillary facilities. The Group can also enter into priority hedging agreements up to a cap of £70 million in respect of commodities and for an unlimited amount in respect of foreign exchange and interest rates. The Group will be permitted to borrow additional indebtedness in the future under the terms of the Indenture governing the Notes and can secure such indebtedness, including in certain cases, on a super priority basis. Viridian's significant leverage could have important consequences for its business and operations, including:

- making it more difficult for it to satisfy its obligations with respect to the Notes and other indebtedness;
- increasing its vulnerability to, and reducing its flexibility to respond to, general adverse economic and industry conditions;
- requiring it to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness, thereby limiting cash flow available to fund its working capital, capital expenditures or other general corporate requirements;

- limiting its flexibility in planning for, or reacting to, changes in tax regulations, its business and the industry and making it more vulnerable to economic downturns and adverse industry conditions;

- placing it at a competitive disadvantage as compared to its competitors, to the extent that they are not as highly leveraged;

- compromising its ability to capitalise on business opportunities and to react to competitive pressures, as compared to its competitors due to the maintenance covenants in some of its debt instruments;

- limiting its ability to obtain additional financing to fund future working capital, capital expenditures, joint ventures, other general corporate requirements and acquisitions; and

- impacting the ability of NIE Energy to comply with certain of its licence obligations which require it to confirm the availability of sufficient financial resources and facilities to enable the business to carry on its activities.

Any of these or other consequences or events could have a material adverse effect on Viridian's ability to satisfy its debt obligations, including the Notes. For a discussion of Viridian's cash flows and liquidity, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources".

In addition, Viridian's debt under the Revolving Credit Facility will bear interest at a variable rate which is based on LIBOR or EURIBOR plus an agreed margin and certain additional costs. Fluctuations in LIBOR or EURIBOR, or the occurrence of a market disruption event (as defined in the Revolving Credit Facility) may increase Viridian's overall interest burden and could have a material adverse effect on its ability to service its debt obligations. See "Description of Certain Indebtedness—Revolving Credit Facility Agreement".

Despite current indebtedness levels, Viridian's subsidiaries may incur substantially more debt, which could further exacerbate the risks associated with its substantial leverage.

Viridian's subsidiaries may be able to incur substantial additional indebtedness in the future. Although the agreements governing its debt instruments contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. If Viridian incurs additional debt above the levels currently in effect, the risks associated with its leverage, including those described above, would increase.

Viridian has incurred losses before exceptional items in the past and could incur such losses in the future.

Viridian incurred losses before exceptional items of £25.8 million in Fiscal Year 2011, £14.9 million in the First Nine Months 2012 and £34.5 million in the First Nine Months 2011, each primarily as a result of goodwill amortisation (a non-cash item) in the amounts of £55.6 million in Fiscal 2011, £25.2 million for the First Nine Months 2012 and £46.5 million in the First Nine Months 2011. Goodwill arising on consolidation represents the excess of the cost of investment over the fair value of the identifiable net assets of a subsidiary at the date of acquisition. Goodwill is capitalised as an intangible asset and amortised by equal installments against profit or loss over its useful economic life which usually does not exceed 20 years. Viridian could incur such losses in the future.

Viridian may not be able to generate sufficient cash to service its indebtedness, including due to factors outside its control, and may be forced to take other actions to satisfy its obligations under its indebtedness, which may not be successful.

Viridian is highly leveraged and has significant debt service obligations. Its ability to make payments on or to refinance its debt obligations will depend on its future operating performance and ability to generate sufficient cash. This depends, to some extent, on its level of electricity production, which is uncertain. This also depends on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond Viridian's control. Viridian's significant leverage may also make it more difficult for it to satisfy its obligations with respect to the Notes and exposes it to interest rate increases to the extent any of its variable rate debt, if any, is not hedged.

Viridian's business may not generate sufficient cash flows from operations to make payments on its debt obligations, and additional debt and equity financing may not be available to it in an amount sufficient to enable it to pay its debts when due, or to refinance such debts, including the Notes. If its future cash flows from operations and other capital resources are insufficient to pay its obligations as they mature or to fund Viridian's liquidity needs, it may be forced to:

- reduce or delay its business activities and capital expenditures;

- sell assets;

- obtain additional debt or equity financing; or

- restructure or refinance all or a portion of its debt, including the Notes, on or before maturity.

Viridian cannot assure you that it would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all.

In particular, Viridian's ability to restructure or refinance its debt will depend in part on its financial condition at such time. Any refinancing of its debt could be at higher interest rates than its current debt and may require it to comply with more onerous covenants, which could further restrict its business. The terms of existing or future debt instruments and the Indenture may restrict Viridian from adopting some of these alternatives.

In addition, any failure to make payments of interest or principal on Viridian's outstanding indebtedness on a timely basis would likely result in a reduction of its credit rating, which could harm its ability to incur additional indebtedness. In the absence of such operating results and resources, Viridian could face substantial liquidity problems and might be required to dispose of material assets or operations to meet its debt service and other obligations. The terms of Viridian's indebtedness, including the Indenture, restrict its ability to transfer or sell assets and to use the proceeds from any such disposition. Viridian may not be able to consummate certain dispositions or obtain the funds that it could have realised from the proceeds of such dispositions, and any proceeds it does realise from asset dispositions may not be adequate to meet any of its debt service obligations then due. These alternative measures may not be successful and may not permit Viridian to meet its debt service obligations.

Viridian faces risks associated with its project finance facilities related to its existing wind farm facilities and with future wind farm construction funding facilities.

VP&E has project financed wind farms with capacity of 103MW, which are ring-fenced and non-recourse. Wind farms in the RoI with capacity totalling 53MW are included in a RoI project finance facility, and wind farms with further capacity totalling 50MW are financed in a separate Northern Ireland facility. Each of these facilities contain financial covenants. The Project Finance Subsidiaries may default on these covenants as a result of long periods of low output from the wind farms or for other reasons. If any of the Project Finance Subsidiaries were to default on any project finance facility, this could result in creditors within the non-recourse ring-fence calling their loans, which could have a material adverse effect on Viridian's project financed businesses, financial condition, as well as their access to project finance capital. There are also restrictions under these facilities on change of control.

VP&E has a number of advanced development projects, which are expected to be financed on the same or similar terms as its current projects. However, Viridian cannot guarantee that such financing will be available for these projects on the same or similar terms as current projects, or at all.

Restrictive covenants in the Revolving Credit Facility Agreement, the Junior Credit Facility at VGHL and the Indenture may restrict Viridian's ability to operate its business. The Group's failure to comply with these covenants, including as a result of events beyond its control, could result in an event of default that could materially and adversely affect its financial condition and results of operations.

The Revolving Credit Facility Agreement, the Junior Credit Facility at VGHL and the Indenture contain negative covenants restricting the Group's ability to, among other things:

- incur or guarantee additional debt or issue preferred stock;

- pay dividends and make other restricted payments;

- create or incur liens;

- make certain investments;

- agree to limitations on the ability of its subsidiaries to pay dividends or make other distributions;

- engage in sales of assets and subsidiary stock;

- enter into transactions with affiliates; and

- transfer all or substantially all of its assets or enter into merger or consolidation transactions.

In addition, the Revolving Credit Facility Agreement requires the Group to comply with certain affirmative covenants and a financial covenant. See "Description of Certain Indebtedness—Revolving Credit Facility Agreement—Undertaking and covenants", "Description of Certain Indebtedness—Junior Credit Facility". Viridian's ability to meet these covenants can be affected by events beyond its control, and Viridian cannot assure you that it will meet them.

All of these limitations will be subject to significant exceptions and qualifications. Please see "Description of the Notes—Certain Covenants" and "Description of Certain Indebtedness—Revolving Credit Facility Agreement".

If there were an event of default under the Revolving Credit Facility or any of the Group's debt instruments, if any, that is not cured or waived, the applicable holders of the defaulted debt could terminate their commitments thereunder and cause all amounts outstanding with respect to such indebtedness to be due and payable immediately, which in turn could result in cross defaults under the Group's other debt instruments, including the Notes. Any such actions could force the Group into bankruptcy or liquidation, and it may not be able to repay its obligations under the Notes in such an event.

If the Group fails to meet its obligations under its financing agreements, its creditors could declare all amounts owed to them due and payable, which could lead to liquidity constraints.

The Group's ability to comply with the covenants and restrictions in its debt instruments, in particular the Revolving Credit Facility, may be affected by events beyond its control. These include general economic, financial and industry-related factors and conditions. If the Group breaches any of the aforementioned covenants or restrictions, it could be in default under the Revolving Credit Facility and other relevant financing agreements.

In the event of a default under the Revolving Credit Facility or certain other defaults under any other agreement, the lenders under the respective facilities or financing instruments could take certain actions, including terminating their commitments, if any, and declaring all amounts that the Group has borrowed under its credit facilities and other indebtedness to be due and payable, together with accrued and unpaid interest. In addition, borrowings under other debt instruments that contain cross-acceleration or cross-default provisions, including the Notes and the Revolving Credit Facility, may as a result also be accelerated and become due and payable.

If the debt under the Revolving Credit Facility or the Notes or any other material financing arrangement that the Group has entered into or will subsequently enter into were to be accelerated, its assets may be insufficient to repay the Notes in full. Any such actions could force the Group into bankruptcy or liquidation, and it might not be able to repay its obligations under the Notes in such an event.

The Issuer may not be able to finance a change of control offer.

The Indenture will require the Issuer to make an offer to repurchase the Notes at 101% of their principal amount if it experiences certain specified change of control events. The Issuer's failure to effect a change of control offer when required would constitute an event of default under the Indenture. The Issuer's ability to repurchase the Notes as may be required by the Indenture will depend on its access to funds at such time, and it may not be able to secure access to enough cash to finance the repurchase.

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a re-organisation, restructuring, merger or other similar transaction involving Viridian that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" as defined in the Indenture. Except as described under "Description of the Notes—Repurchase at the Option of Holders—Change of Control", the Indenture will not contain provisions that would require the Issuer to offer to repurchase or redeem the relevant Notes in the event of a re-organisation, restructuring, merger, recapitalisation or similar transaction.

The definition of "Change of Control" in the Indenture will include a disposition of all or substantially all of the properties or assets of the Issuer and its subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the relevant Issuer's assets and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the relevant Notes.

You may not be able to resell the Notes easily, an active liquid trading market for the Notes may not develop or may be volatile and no assurance can be made regarding the prices at which you might be able to resell the Notes.

There is no existing trading market for the Notes and the Issuer cannot assure you that an active or liquid trading market will develop for the Notes or the prices at which you would be able to sell your Notes. The Initial Purchasers have advised the Issuer that they intend to make a market in the Notes after completing the offering. However, the Initial Purchasers have no obligation to do so and may discontinue market-making activities at any time without notice. Future liquidity will depend, among other things, on the number of holders of the Notes, the Group's financial performance, the market for similar securities and the interest of securities dealers in making a market in the Notes. In addition, changes in the overall market for high yield securities and changes in the Group's financial performance or in the markets where the Group operates may adversely affect the liquidity of the trading market in these Notes and the market price quoted for these Notes. As a result, the Issuer cannot assure you that an active trading market will actually develop for these Notes.

Moreover, the price and trading volume of the Notes may be highly volatile. Factors such as variations in the Group's revenues, earnings and cash flows and proposals for new investments, strategic alliances and/or acquisitions, interest rates, fluctuations in price for comparable companies and government regulations and changes thereof applicable to the industry and general economic conditions nationally or internationally could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. The Issuer cannot assure you that these developments will not occur in the future.

Lenders and holders of Viridian's debt may allege in the future that Viridian is not operating in compliance with covenants in its debt instruments, which, even if the claims have no merit, could cause the trading price of the Notes to decline.

Given Viridian's financial condition, lenders or holders of its debt may assert that Viridian is not operating in compliance with covenants in its debt instruments or make other related allegations, including for the purpose of accelerating the maturity of such debt and/or attempting to obtain economic benefits from Viridian. Even if any claim by lenders or holders of Viridian's debt alleging non-compliance or an event of default under its debt instruments is without merit, such a claim could nevertheless cause the trading price of the Notes to decline.

Transfer of the Notes will be restricted, which may adversely affect the value of the Notes.

Because the Notes have not been, and are not required to be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction, they may not be offered or sold except to QIBs in accordance with Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and all other applicable laws. These restrictions may limit your ability to resell the Notes. It is your obligation to ensure that your offers and sales of the Notes within the U.S. and other countries comply with applicable securities laws. Please refer to the sections entitled "Notice to Prospective U.S. Investors" and "Notice to Certain European Investors" for further information on these restrictions.

The Notes may be issued with more than a de minimis amount of original issue discount. In such event, you generally will be required to accrue income before you receive cash payments attributable to such income and you may be subject to risks regarding the amount you can recover in bankruptcy.

The Notes may be issued with more than a *de minimis* amount of OID for U.S. federal income tax purposes. In such event, U.S. investors in such Notes will generally be required to include OID in their gross income as it accrues in advance of the receipt of cash payments attributable to such income using the constant yield method. See "Tax Considerations—Certain U.S. Federal Income Tax Considerations". If a Note is issued with OID and a bankruptcy petition were filed by or against Viridian under the U.S. Bankruptcy Code after the issuance of such Note, the claim by any holder of the Note for the principal amount of the Note may be limited to an amount equal to the sum of:

- the original issue price for the Note; and
- that portion of the OID (if any) that does not constitute "unmatured interest" for purposes of the U.S. Bankruptcy Code.

Any OID that was not amortized as of the date of the bankruptcy filing would constitute unmatured interest. Accordingly, holders of the Notes under these circumstances may receive a lesser amount than they would be entitled to receive under the terms of the indenture governing the Notes, even if sufficient funds are available.

The market value of the Notes could decrease if the Issuer's creditworthiness worsens.

In the event any of the risks regarding the Group's business materialises, the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due will decrease and the market value of the Notes will suffer. In addition, even if the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due has not actually decreased, market participants could nevertheless have a different perception. Furthermore, the market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as Viridian does could adversely change. If any of these risks occurred, third-parties would only be willing to purchase Notes at a lower price than before any such risk materialised. Under these circumstances, the market value of the Notes would decrease.

Credit ratings assigned to the Notes may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension, withdrawal and may be lowered at any time.

Moody's Investors Service and Fitch Rating will assign credit ratings to the Notes. The credit ratings address Viridian's ability to perform its obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will be confirmed, remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. The Issuer has no obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of Viridian's financings and could adversely affect the value, market price and trading of the Notes.

You may be unable to recover in civil proceedings for U.S. securities laws violations.

The Issuer is incorporated under the laws of the Cayman Islands and does not have any assets in the U.S. It is anticipated that some or all of the directors and executive officers of the Issuer will be non-residents of the U.S. and that all or a majority of their assets will be located outside the United States. As a result, it may not be possible for investors to effect service of process within the U.S. upon the Issuer, or their respective directors and executive officers, or to enforce any judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. In addition, the Issuer cannot assure you that civil liabilities predicated upon the federal securities laws of the U.S. will be enforceable in the Cayman Islands. See "Enforcement of Civil Liabilities".

Investors may face foreign exchange risks by investing in the Notes.

The Euro Notes will be denominated and payable in euros and the Dollar Notes will be denominated and payable in U.S. Dollars. If investors measure their investment returns by reference to a currency other than the currency in which their Notes are denominated, an investment in the Notes will entail foreign exchange-related risk due to, among other factors, possible significant changes in the value of the euro or U.S. Dollar relative to the currency by reference to which the investor measures the return on his investments because of economic, political and other factors over which the Issuer has no control. Depreciation of the euro or U.S. Dollar against the currency by reference to which an investor measures the return on his investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investor measures the return on his investments. Investments in the Notes denominated in a currency other than the functional currency of a holder of Notes may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "Tax Considerations—Certain U.S. Federal Income Tax Considerations" and "Tax Considerations—Certain United Kingdom Tax Considerations" in this offering memorandum.

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through DTC, Euroclear and Clearstream. Interests in the Global Notes will trade in book-entry form only, and the Notes in definitive registered form (the "Definitive Registered Notes") will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners of the Notes. The common depositary, or its nominee, for the accounts of Euroclear and Clearstream will be the registered holder of the Euro Global Notes. The nominee for the accounts of DTC will be the registered holder of the Dollar Global Notes. Payments of principal, interest and other amounts owing on or in respect of the Global Notes representing the Notes will be made to The Bank of New York Mellon, as paying agent, which will make payments to DTC, Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the Global Notes representing the

Notes and credited by such participants to indirect participants. After payment to the common depositary for DTC, Euroclear and Clearstream, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of DTC, Euroclear and Clearstream, and if you are not a participant in DTC, Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC, Euroclear or Clearstream, or, if applicable, from a participant. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until Definitive Registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through DTC, Euroclear and Clearstream. The procedures to be implemented through DTC, Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "Book-Entry; Delivery and Form".

Viridian's ability to continue as a going concern is dependent on its future operating performance and ability to generate cash.

Management believes that Viridian's expected cash flows, together with the proceeds from the Offering and available borrowings, will be adequate to meet its anticipated financing needs. However, no assurance can be given that Viridian's business will generate sufficient cash flow from operations, or that future borrowings will be available in an amount sufficient, to enable Viridian to service and pay its indebtedness, including the Notes, when due, to fund other capital requirements or any operating losses or to continue as a going concern. If Viridian's future cash flows from operations and other capital resources are insufficient to pay its obligations as they mature or to fund its liquidity needs, it may be forced to: reduce or delay its business activities and capital expenditure; sell assets; obtain additional indebtedness or equity capital; restructure or refinance all or a portion of its indebtedness, including the Notes, on or before maturity; or forego opportunities such as acquisitions of other businesses.

The type, timing and terms of any these alternatives depends on Viridian's cash needs and the prevailing conditions in the financial markets. Viridian cannot assure you that any future financing will be available to it at any given time or as to the reasonableness of the terms on which any future financing may be available. Viridian cannot assure you that its current expectations of cash flow from operations (which will depend upon numerous future factors and conditions, many of which are outside of its control) will be accurate. Such cash flow projections are merely estimates of future events and actual events will probably vary from current estimates, possibly materially. Viridian cannot assure you that any additional financing will be available to it on commercially reasonable terms or at all.

Investors in the Notes may have limited recourse against Viridian's independent auditors in respect of its UK GAAP financial statements.

Please see "Independent Auditors" for a description of the independent auditors' reports, including language limiting the accountants' scope of responsibility in relation to the report and the financial statements in respect of Viridian's 2011 Audited Financial Statements and 2010 Audited Financial Statements.

Investors in the Notes should understand that these statements are intended to disclaim any liability to parties (such as purchasers of the Notes) other than the members of the company with respect to those reports. In the context of the offerings of the Notes, Viridian's independent auditors have reconfirmed that they do not intend their duty of care in respect of such UK GAAP financial statements to extend to any party other than those to whom their reports were originally addressed.

The U.S. Securities and Exchange Commission would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act, or in a report filed under the U.S. Securities Exchange Act of 1934. If a U.S. court (or any other court) were to give effect to the language quoted above, the recourse that investors in the Notes may have against the independent auditors based on their reports or the consolidated financial statements to which they relate could be limited. The extent to which auditors have responsibility or liability to third-parties is unclear under the laws of many jurisdictions, including the UK, and the legal effect of these statements in the audit reports is untested. The inclusion of the language referred to above, however, may limit the ability of holders of the Notes to bring any action against Viridian's auditors for damages arising out of an investment in the Notes.

Viridian's shareholder and several of its affiliates filed petitions under Chapter 11 of the US Bankruptcy Code.

On 19 March 2012, Arcapita Bank B.S.C.(c) together with five affiliated companies (the "Filing Debtors") filed petitions under Chapter 11 of the US Bankruptcy Code ("Chapter 11"). None of the Filing Debtors is a member of the group consisting of Viridian Group Investments Limited and its subsidiaries, nor is the immediate shareholder of Viridian Group Investments Limited. On the basis of their enquiries, management believe that the Chapter 11 filings are not expected to impact the continued operation and trading of the Viridian Group.

Risks Related to the Group's Capital Structure and Security

The Issuer and certain of the Guarantors are holding companies dependent upon cash flow from subsidiaries to meet their obligations, on the Notes and the Guarantees, respectively.

Prior to the Escrow Release Date, the Issuer will be wholly owned by a charitable trust with no subsidiaries and no independent revenue-generating business operations or assets other than its rights in the Escrow Accounts. From the Escrow Release Date, the Issuer and Viridian Group Investments Limited, Viridian Group FundCo I Limited, Viridian Group FundCo III Limited, EI Ventures Limited, Power & Energy Holdings (RoI) Limited, VPEHL, Viridian Group Limited and VPEL will each be holding companies with no independent revenue-generating business operations or significant assets other than investments in their subsidiaries. Each of these holding companies depends upon the receipt of sufficient funds from its subsidiaries to meet its obligations. If the Group's operating subsidiaries do not distribute cash to the Issuer to make scheduled payments on the Notes, it does not expect the Issuer to have any other source of funds that would allow it to make payments to the holders of the Notes. Various agreements governing the Group's debt may restrict the ability of these subsidiaries to move cash within their restricted group. Applicable tax laws may also subject such payments to further taxation. Applicable law may also limit the amounts that some of the Issuer's subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments. The inability to transfer cash among entities within their respective consolidated groups may mean that even though the entities, in aggregate, may have sufficient resources to meet their obligations, they may not be permitted to make the necessary transfers from one entity in their restricted group to another entity in their restricted group in order to make payments to the entity owing the obligations.

Under the Intercreditor Agreement, the holders of the Notes have certain limitations on their ability to enforce the transaction security and have agreed that the Collateral and Guarantees may be released in certain circumstances without their consent.

The Trustee will enter into the Intercreditor Agreement with, among others, the Security Agent and representatives of the other debt secured by the Collateral, including the administrative agent for the Revolving Credit Facility. Other creditors may become parties to the Intercreditor Agreement in the future. Each holder of a Note by accepting a Note will be deemed to have agreed to and be bound by the terms of the Intercreditor Agreement. Among other things, the Intercreditor Agreement governs the enforcement of the Collateral, the sharing in any recoveries from such enforcement and the release of the Collateral by the Security Agent. The Intercreditor Agreement provides that the Security Agent shall act upon the instructions of the instructing group, which will be determined in accordance with the terms and conditions of the Intercreditor Agreement. The Intercreditor Agreement further provides that in the event that the classes of creditors entitled to provide enforcement instructions to the Security Agent provide conflicting instructions, such creditors must, subject to certain exceptions, consult with each other for a period of 20 days following the earlier of (i) the date of such conflicting instructions and (ii) the date falling 10 business days after the first enforcement instructions were delivered in accordance with the provisions of the Intercreditor Agreement, before any enforcement action may be taken. Although enforcement instructions given by holders of the Notes will prevail after such consultation period (other than in the case that an insolvency event has occurred), if the liabilities under the Revolving Credit Facility and certain hedging obligations have not been fully discharged within six months of the date the first such enforcement instruction was issued, then enforcement instructions by the lenders under the Revolving Credit Facility and creditors under certain hedging liabilities will prevail. These arrangements could be disadvantageous to the holders of the Notes in a number of respects and may permit the lenders under the Revolving Credit Facility and creditors under certain hedging liabilities to control enforcement in circumstances in which their interests are different from those of the holders of the Notes. See "Description of Certain Indebtedness—Intercreditor Agreements".

The Notes and each of the Guarantees will be structurally subordinated to present and future liabilities of the Issuer's non-Guarantor subsidiaries.

Not all of the Issuer's subsidiaries will guarantee the Notes. Generally, claims of creditors of a non-guarantor subsidiary, including trade creditors and claims of preference shareholders (if any) of the subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent entity, including claims by holders of the Notes under the Guarantees. In the event of any foreclosure, dissolution, winding-up, liquidation, administration, reorganisation or other insolvency or bankruptcy proceeding of any of the Issuer's non-Guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to its parent entity. As such, the Notes and each Guarantee will each be structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of the Issuer's non-Guarantor subsidiaries. The covenants in the Notes permit it to incur additional indebtedness at subsidiaries which do not guarantee the Notes and in the future the revenues and EBITDA of such entities could increase, possibly substantially.

Certain covenants may fall away upon the occurrence of a change in the Group's ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive a rating of Baa3 or better by Moody's and a rating of BBB or better by Fitch and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time, if any, at which such Notes cease to have such ratings, certain covenants will cease to be applicable to such Notes. See "Description of the Notes—Certain Covenants—Suspension of Certain Covenants when Notes Rated Investment Grade".

If these covenants were to cease to be applicable, the Group would be able to incur additional indebtedness or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

The loans under the Revolving Credit Facility bear interest at floating rates that could rise significantly, increasing its costs and reducing its cash flow.

The loans under the Revolving Credit Facility bear interest at floating rates of interest *per annum* equal to LIBOR and/or EURIBOR, as adjusted periodically, plus a margin and certain additional costs. These interest rates could rise significantly in the future. Although Viridian may maintain certain hedging arrangements designed to fix a portion of these rates (though it does not intend to do so at this time), there can be no assurance that hedging will continue to be available on commercially reasonable terms. To the extent that interest rates were to increase significantly, Viridian's interest expense would correspondingly increase, reducing its cash flow.

Exchange rate fluctuations could adversely affect Viridian's financial results and its ability to make payments under the Notes.

Following the Issue Date, most of Viridian's debt service requirements will be in euros and U.S. dollars, while most of its cash flow is generated in pounds sterling and euros. Although Viridian intends to maintain certain hedging arrangements designed to mitigate foreign exchange rate movements, significant changes in the value of the euro, the U.S dollar and the British pound relative to each other could have a material adverse effect on Viridian's financial condition and its ability to meet interest and principal payments on its euro and U.S. dollar denominated debt, including the Notes and borrowings under the Revolving Credit Facility.

Cayman Islands insolvency laws may not be as favourable as U.S. or other insolvency laws.

Cayman Islands insolvency law provides for three different procedural systems for winding up companies, namely (i) compulsory winding-up by order of the court; (ii) voluntary winding-up and; (iii) voluntary winding-up subject to the supervision of the court.

Each system requires the appointment of a liquidator, who assumes control of the management of the company and whose function it is to collect, realise and distribute the assets of the company to its creditors in accordance with the priority of payments provided for by statute, and thereafter to distribute any surplus among the company's shareholders.

A petition to the court for a winding-up order may be presented by the company itself or by a creditor or shareholder of the company. One way a winding-up order may be sought is by demonstrating to the Court that the company is unable to pay its debts. Cayman Islands law applies a cash flow test in this regard (*i.e.,* it focuses on the company's ability to pay its debts as they fall due).

When a winding-up order is made by the Court or a voluntary winding-up is subject to Court supervision (*i.e.,* in an official liquidation), an automatic moratorium on litigation against the company is imposed—that is, proceedings may not be commenced against the company without the express permission of the Court. Dispositions of property, transfers of shares and alterations in the status of shareholders are void in an official liquidation, unless the Court orders otherwise. The moratorium does not prevent a secured creditor from realising its security, nor does it affect any valid rights of set-off or subordination agreements acquired or entered into before the commencement of the official liquidation.

It is a fundamental rule of Cayman Islands insolvency law that all ordinary unsecured and unsubordinated creditors are treated equally irrespective of the nature of their claims. This is referred to as the *pari passu* rule. This rule applies in an ordinary unsecured and unsubordinated creditors existing as at the date of the presentation of the winding-up petition, or whose claims arise out of causes of action that accrued before the date of the presentation of the winding-up petition. Generally speaking a creditor having a validly created security interested over property of a company in liquidation is entitled to enforce his security without reference to the official liquidators and without the leave of the court.

An official liquidator must be a qualified insolvency practitioner who meets independence, insurance and residence requirements (and as such a foreign receiver or liquidator may not act as the sole liquidator of a Cayman Islands company). A liquidator is an officer of the Court and has fiduciary duties to the company to act in good faith, for a proper purpose and for the benefit of the company at all times.

A voluntary liquidation is most commonly instituted by way of special resolution of the voting shareholders of the company. As with an official liquidator the function of the voluntary liquidator is to collect, realise and distribute the assets of the company to its shareholders, having first paid all of the company's unsecured creditors in full. If, within 28 days of the commencement of the voluntary liquidation, the directors of the company do not provide a declaration of solvency to the liquidator (which is then filed with the Registrar of Companies), the liquidator is obliged by law to apply to the court for a supervision order. The practical effect of this is that, upon a supervision order being made, the voluntary liquidation proceeds as if it were an official liquidation in all respects.

This could lead to substantially increased costs of the liquidation since, among other things, the liquidator will be obliged to provide the Court with regular reports detailing the assets and liabilities of a company and all of the steps taken in the liquidation to date. A declaration of solvency takes into account the ability of a company to pay its debts within a period of 12 months of the declaration being made. Even if the directors do provide such a declaration, a voluntary liquidator may still apply to the Court for supervision in circumstances where he thinks that such an order will facilitate a more effective, economic or expeditious liquidation of the company in the interests of its creditors and shareholders.

Laws relating to fraudulent preference, fraudulent conveyance and corporate benefit may adversely affect the validity and enforceability of payments under the Notes.

Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) avoid or invalidate all or a portion of a Guarantor's obligations under its Guarantee, (ii) direct that the holders of the Notes return any amounts paid under a Guarantee to the relevant Guarantor or to a fund for the benefit of the Guarantor's creditors or (iii) take other action that is detrimental to you, typically if the court found that:

- the relevant Guarantee was incurred with actual intent to give preference to one creditor over another, hinder, delay or defraud creditors or shareholders of the Guarantor or, in certain jurisdictions, when the granting of the Guarantee has the effect of giving a creditor a preference or when the recipient was aware that the Guarantor was insolvent when it granted the relevant Guarantee;

- the Guarantor did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Guarantee and the Guarantor was: (i) insolvent or rendered insolvent because of the relevant Guarantee; (ii) undercapitalised or became undercapitalised because of the relevant Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;

- the relevant Guarantee was held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor; or

- the amount paid or payable under the relevant Guarantee was in excess of the maximum amount permitted under applicable law.

These or similar laws may also apply to any future guarantee granted by any of Viridian's subsidiaries pursuant to the Indenture.

Viridian cannot assure you which standard a court would apply in determining whether a Guarantor was "insolvent" at the relevant time or that, regardless of method of valuation, a court would not determine that a Guarantor was insolvent on that date, or a that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Guarantee was issued, that payments to holders of the Notes constituted preferences, fraudulent transfers or conveyances on other grounds.

The liability of each Guarantor under its Guarantee will be limited to the amount that will result in such Guarantee not constituting a preference, fraudulent conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of each Guarantor. There is a possibility that the entire Guarantee may be set aside, in which case the entire liability may be extinguished.

If a court decided that a Guarantee was a preference, fraudulent transfer or conveyance and voided such Guarantee, or held it unenforceable for any other reason, you may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuer and, if applicable, of any other Guarantor under the relevant Guarantee which has not been declared void. In the event that any Guarantee is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the Guarantee obligations apply, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor, and if Viridian cannot satisfy its obligations under the Notes or any Guarantee is found to be a preference, fraudulent transfer or conveyance or is otherwise set aside, it cannot assure you that it can ever repay in full any amounts outstanding under the Notes.

Cayman Islands

A payment made by a Cayman Islands exempted company may be set aside or avoided if the pre-conditions for a voidable preference or transaction at an undervalue under Part V of the Companies Law (2011 Revision), as amended, of the Cayman Islands (the "Companies Law") are present. Section 145 of the Companies Law provides that any conveyance or transfer of property , or charge thereon, and every payment obligation and judicial proceeding made, incurred, taken or suffered by any company in favour of any creditor at a time when the company is unable to pay its debts within the meaning of Section 93 of the Companies Law with a view to giving such creditor a preference over the other creditors shall be invalid if made, incurred, taken or suffered within six months immediately preceding the commencement of a liquidation.

Section 146 of the Companies Law provides that every disposition of property made at an undervalue by, or on behalf of, a company with intent to defraud its creditors shall be voidable at the instance of its official liquidator.

Section 147 of the Companies Law provides that, if in the course of the winding up of a company, it appears that any business of the company has been carried on with intent to defraud creditors of the company or creditors of any other person or for any fraudulent purpose, the liquidator may apply to the court for a declaration under the Section that persons who were knowingly parties to the carrying on of the business in such manner are liable to make such contributions to the Company's assets as the court thinks proper. An order under this provision may be made against, among others, the directors of the insolvent company.

A payment may also be set aside under the Fraudulent Dispositions Law (1996 Revision) of the Cayman Islands, which states that every disposition made with intent to defraud and at an undervalue is voidable at the instance of a creditor thereby prejudiced. This law does not require the company to be insolvent before a creditor may bring an action to set aside a transaction, but both an intention to defraud and a disposition made at an undervalue must be present. "Intent to defraud" is defined as an intention of the transferor wilfully to defeat an obligation owed to a creditor (being an obligation existing on a or prior to the date of the relevant disposition and of which the transferor had notice). "Undervalue" means either the provision of no consideration for the disposition, or a consideration, the value of which in money or money's worth, is significantly less than the value of the property the subject of the disposition. Any action or proceedings brought under this law must be commenced within six years of the disposition in question.

There is no statutory provision dealing directly with insolvent trading in the Cayman Islands. Directors may be liable for breach of their fiduciary obligations, however, if the company continues to incur liabilities at a time when there is no prospect of the company trading out of its financial difficulties.

A Cayman Islands exempted company and its directors must act within the scope of its and their powers as set out in its memorandum and articles of association. Section 28 of the Companies Law, though, states that no act of a company and no disposition of real or personal property to or by a company shall be invalid by reason only of the fact that the company was without capacity or power to perform the act or to dispose of or receive the property, but lack of capacity or power may be asserted (a) in proceedings by a member or director against the company to prohibit the performance of any act, or disposition of real or personal property by or to the company, and (b) in proceedings by the company, whether acting directly or through a liquidator or other legal representative or through members of the company in a representative capacity, against the incumbent or former officers or directors of the company for loss or damage through their unauthorised acts.

Further, the directors of a Cayman Islands exempted company will owe duties to that company. These duties are similar to the common law and fiduciary duties under English law, since English judicial authorities (to the extent they do not relate to statutory provisions that have no direct effect in the Cayman Islands) are persuasive authority although not technically binding in the Cayman Islands courts. Therefore, if the directors were to make payments to a third party in breach of their duties to the company or in breach of any restrictions in the company's memorandum and articles of association and such third party were to receive such payments with actual knowledge (or perhaps in some circumstances constructive knowledge, although this would be difficult to establish since the constitutional documents of a Cayman Islands exempted company are not documents of public record) of the breach of duty on the part of the directors, it is possible that the third party could be held to be a constructive trustee of the assets or monies in question which could give rise to tracing claim against such third party.

Of primary relevance here is the duty of a director to act in that manner which he believes to be in his company's commercial interests. In determining the level of benefit or fee payable to the company, the directors may be expected to undertake the usual risk-reward analysis: that is, the directors will want to satisfy themselves that the profit opportunity or fee payable to the company is commensurate with the perceived risk assumed.

Note also in this context:

The liquidator of an insolvent company in the Cayman Islands has no statutory right to disclaim onerous contracts and the Group believes there is no common law right under Cayman Islands law to disclaim onerous contracts. In other words, a liquidator would not be able to engage in a "cherry picking" exercise.

As a general rule, contracts are not automatically terminated by the liquidation of one of the parties, nor is the other party released from its obligations unless expressly provided for in the contract or the onset of insolvency allows the parties to rescind the contract under the relevant governing law. Under Cayman Islands law, a liquidator succeeds to the powers of the directors of the company.

Section 99 of the Companies Law, which provides that where any company is being wound up by the Court or subject to the supervision of the Court (*i.e.,* in effect, an insolvency winding up), all dispositions of property of the company, and every transfer of shares, or alteration in the status of the members of the company made between the commencement of the winding up and the order for winding up shall, unless the Court otherwise orders, be void.

Luxembourg

If a court decided that either a Guarantee or a security interest was a fraudulent conveyance and voided such Guarantee or a security interest, or held it unenforceable for any other reason, you may cease to have any claim in respect of the relevant Guarantor or a security interest and would be a creditor solely of the relevant Issuer and, if applicable, any other Guarantor or a security interest under the relevant Guarantee or a security interest which has not had its guarantee declared void.

Risks Related to the Notes

If the conditions in the Escrow Agreement are not satisfied, the Issuer will be required to redeem the Notes, which means that you may not obtain the return you expect on the Notes.

The gross proceeds from the Offering will be held in escrow pending the satisfaction of certain conditions, some of which are outside of Viridian's control. If any of these conditions is not satisfied or waived by the Escrow Longstop Date, the Notes will be subject to a special mandatory redemption as described in "Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption". If this occurs you may not be able to reinvest the proceeds from the redemption in an investment that yields comparable returns.

The Collateral may not be sufficient to secure the obligations under the Notes and the Guarantees.

In order to secure the obligations under the Notes and the Guarantees with respect to the Notes, the Group will grant a first-ranking lien over substantially all of the undertakings, goodwill, property, assets and rights of Viridian Group FundCo II Limited and each Subsidiary Guarantor, including the shares in their subsidiaries, which Collateral also secures obligations under the Revolving Credit Facility and certain hedging obligations. The Collateral may also secure additional indebtedness to the extent permitted by the Indenture. To the extent that other first priority security interests, pre-existing liens, liens permitted under the Indenture and other rights encumber the Collateral securing the Notes, those parties may have or may exercise rights and remedies with respect to the Collateral that could adversely affect the value of the security and the ability of the Security Agent to realise or foreclose on the security. In addition, proceeds from enforcement sales of capital stock and assets that are part of the Collateral must first be applied in satisfaction of obligations under the Revolving Credit Facility and counterparties under certain hedging obligations and thereafter towards application to repay on a *pari passu* basis the obligations of the Issuer and the Subsidiary Guarantors under the Notes. In addition, the Indenture will allow incurrence of certain additional permitted debt in the future that is secured by the Collateral on a *pari passu* basis.

The proceeds of any sale of the Collateral following an event of default with respect to the Notes may not be sufficient to satisfy, and may be substantially less than, amounts due on the Notes. No appraisal of the value of the Collateral has been made, and the fair market value of the Collateral may be subject to fluctuations based on factors that include, among others, general economic conditions, industry conditions and similar factors. The amount to be received upon a sale of the Collateral would be dependent on numerous factors, including, but not limited to, the actual fair market value of the Collateral at such time, whether or not Viridian's business is sold as a going concern, the jurisdiction in which the enforcement action or sale is completed, the ability to readily liquidate the Collateral, the condition of the Collateral, exchange rates, the timing and the manner of the sale and the availability of buyers. Further, there may not be any buyer willing and able to purchase the business as a going concern, or willing to buy a significant portion of its assets in the event of an enforcement action. The book value of the Collateral should not be relied on as a measure of realisable value for such assets. By its nature, some of the assets that comprise the Collateral are illiquid and/or may have no readily ascertainable market value and its value to other parties may be less than its value to the Group. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the Collateral may not be sold in a timely or orderly manner, and the proceeds from any sale or liquidation of this Collateral may not be sufficient to repay the obligations under the Notes. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes and the Guarantees, investors (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim against the Issuer's and the Subsidiary Guarantors' remaining assets. In addition, lenders under the Revolving Credit Facility (or any replacement facility) and certain hedge counterparties and the holders of certain debt the Group may incur in the future will receive priority to the proceeds from an enforcement, which may limit the proceeds available to satisfy obligations under the Notes. Your rights to the Collateral may be diluted by any increase in the first-priority debt secured by the Collateral or a reduction of the Collateral securing the Notes. See "Description of Certain Indebtedness—Intercreditor Agreements".

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the Notes as well as the ability of the Security Agent to realise or foreclose on such security.

The security interests of the Security Agent will be subject to practical problems generally associated with the realisation of security interests over real or personal property such as the Collateral. For example, the Security Agent may need to obtain the consent of a third party to enforce a security interest. The Issuer cannot assure you that the Security Agent will be able to obtain any such consents or that such consents will be given when required. Accordingly, the Security Agent may not have the ability to foreclose upon security and the value of the security may significantly decrease.

Certain of the Group's material contracts terminate or may be terminated by the counterparties thereto upon the occurrence of certain insolvency events. If the Issuer, the holders of the Notes, the Trustee or any other party causes such an insolvency event, the Group would lose its rights under those contracts, which represent a material percentage of its expected turnover. As a consequence, the alternative methods available to the holders of the Notes for enforcing the security interests in the Collateral in certain of the Group's material contracts may be limited.

The value of the Collateral may decrease because of obsolescence, impairment or certain casualty events.

The value of the properties that the Issuer and the other Subsidiary Guarantors own or lease and the real estate serving as Collateral may be adversely affected by depreciation and normal wear and tear or because of certain events that may cause damage to these properties. Although the security documents will contain certain covenants in relation to the maintenance and preservation of assets, the Issuer and the Subsidiary Guarantors will not be required to improve the Collateral. The Issuer will be obliged under the security documents to maintain insurance with respect to the Collateral, but the proceeds of such insurance may not be sufficient to rebuild or restore such properties to their original condition prior to the occurrence of the events that caused the insured damages. Those insurance policies will most certainly not cover all the events that may conceivably result in damage to the Collateral.

Your rights in the collateral may be adversely affected by the failure to perfect security interests in the collateral.

Under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The liens on the collateral securing the Notes may not be perfected with respect to the claims of the Notes if Viridian, or the Security Agent, fail or are unable to take the actions required to perfect any of these liens. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at or promptly following the time such property and rights are acquired and identified.

The granting of the security interests in the Collateral may create hardening periods for such security interests in accordance with the law applicable in certain jurisdictions.

The granting of new security interests in connection with the issuance of the Notes and the Revolving Credit Facility may create hardening periods for such security interests in certain jurisdictions. The applicable hardening period for these new security interests will run as from the moment each new security interest has been granted, perfected or recreated. At each time, if the security interest granted, perfected or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void and/or it may not be possible to enforce it.

The security over the Collateral will not be granted directly to the holders of the Notes.

The security interests in the Collateral that will secure the Group's obligations under the Notes and the obligations of the Guarantors under the Guarantees will not be granted directly to the holders of the Notes, but will be granted only in favour of the Security Agent. The Trustee for the Notes will enter into the Intercreditor Agreement with, among others, the Security Agent and representatives of the other indebtedness secured by the Collateral, including the Revolving Credit Facility and counterparties to certain hedging obligations. Other creditors may become parties to the Intercreditor Agreement in the future. Among other things, the Intercreditor Agreement governs the enforcement of the Security Documents, the sharing in any recoveries from such enforcement and the release of the Collateral by the Security Agent. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Security Agent, who will follow instructions as set forth under the caption "Description of Certain Indebtedness—Intercreditor Agreements". In addition, in certain circumstances, lenders under the Revolving Credit Facility will have the right to direct the Security Agent in enforcement actions with respect to the Collateral.

The appointment of a foreign security agent will be recognised under Luxembourg law, (i) to the extent that the designation is valid under the law governing such appointment and (ii) subject to possible restrictions depending on the type of the security interests. Generally, according to paragraph 2(4) of the Luxembourg act dated 5 August 2005 concerning financial collateral arrangement, as amended, a security (financial collateral) may be provided in favour of a person acting on behalf of the collateral taker, a fiduciary or a trustee in order to secure the claims of third party beneficiaries, whether present or future, provided that these third party beneficiaries are determined or may be determined. Without prejudice to their obligations vis-à-vis third party beneficiaries of the security, persons acting on behalf of beneficiaries of the security, the fiduciary or the trustee benefit from the same rights as those of the direct beneficiaries of the security aimed at by such law.

Creditors under the Revolving Credit Facility and certain priority hedging liabilities are entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes and the claims of the holders of the Notes will be effectively subordinated to the rights of the Group's existing and future secured creditors to the extent of the value of the assets securing such creditors which do not also secure the Notes.

Lenders under the Revolving Credit Facility, certain hedge counterparties and the holders of certain debt the Group may incur in the future (including hedging obligations) will receive priority on the proceeds from an enforcement. See "Description of Certain Indebtedness—Intercreditor Agreements". As a result, the claims of the holders of the Notes will be effectively subordinated to the rights of existing and future secured creditors who have priority in respect of proceeds from enforcement of the liens over assets that constitute Collateral to the extent of the value of such assets. In the event the Group is subject to any foreclosure, dissolution, winding-up, liquidation, reorganisation, administration or other bankruptcy or insolvency proceeding, lenders under the Revolving Credit Facility (or its replacement facilities), certain hedge counterparties will receive payment in respect of their obligations prior to any payments in respect of the Notes. To the extent that after these priority creditors receive payment from enforcement proceeds, the remaining enforcement proceeds from Collateral are insufficient to repay holders of the Notes in their entirety, holders of the Notes will generally participate rateably with all other creditors with respect to indebtedness of the relevant obligor, based upon the respective amounts owed to each creditor, in the remaining assets of the relevant obligor. As a result, holders of Notes may receive less, rateably, than holders of such super priority secured indebtedness.

In addition, claims of the Group's secured creditors which are secured by assets that do not also secure the Notes will have priority with respect to such assets over the claims of holders of the Notes. As such, the claims of the holders of the Notes will be effectively subordinated to the rights of such secured creditors to the extent of the value of the assets securing such indebtedness.

As of 30 September 2011, after giving *pro forma* effect to the Refinancing, the Group had an aggregate principal amount of € 470 million of secured indebtedness outstanding under the Notes. In addition, the Revolving Credit Facility, which can be drawn in Sterling or Euro under the Revolving Credit Facility Agreement, is in an original amount of £225 million. Any amounts drawn under the Revolving Credit Facility are permitted to be used for the general corporate purposes of the Group other than for payments in respect of any dividends, or with respect to capital expenditures or acquisitions of businesses or any repayment, prepayment, redemption, purchase, repurchase or defeasance of the Notes. There is a separate sub-limit of £125 million on utilisations by way of loans (provided that such sub-limit shall not apply if such loans are solely used to provide cash cover for LOCs) and a separate sub-limit of £50 million for ancillary facilities. The Group can also enter into priority hedging agreements up to a cap of £70 million in respect of commodities and for an unlimited amount in respect of foreign exchange and interest rates. The Group will be permitted to borrow additional indebtedness in the future under the terms of the Indenture governing the Notes and can secure such indebtedness, including in certain cases, on a super priority basis. The Group's ability to incur additional debt in the future secured on the Collateral may have the effect of diluting the ratio of the value of such Collateral to the aggregate amount of the obligations secured by the Collateral.

Applicable law and other limitations on the enforceability of the security may adversely affect its validity and enforceability.

The obligations of the Issuer under the Notes and of the Guarantors under the Guarantees will be, subject to the restrictions and limitations detailed herein, secured on first-ranking basis by the Collateral. The security may be subject to claims that it should be limited or subordinated in favour of the existing and future creditors under English, Northern Irish, RoI, Luxembourg, Cayman Islands or other applicable law. In addition, enforcement of the security will be limited to the extent of the amount which can be secured by the Issuer and the Guarantors without rendering the security voidable or otherwise ineffective under applicable law. Enforcement of the security against the Issuer and the Guarantors will be subject to certain defences available to security providers generally. These laws and defences include those that relate to insolvency, voidable preference, fraudulent conveyance, financial assistance, corporate purpose or benefit, the preservation of share capital, thin capitalisation and defences affecting the rights of creditors generally. For example, if any Collateral is secured after the Escrow Release Date, and the grantor of such Collateral were to become subject to a bankruptcy or winding up proceeding after the Escrow Release Date, any mortgage or security interest in such Collateral could face a greater risk than security interests in place on the Escrow Release Date of being avoided by the grantor or by its trustee, receiver, liquidator, administrator or similar authority, or otherwise set aside by a court, as a preference under insolvency law, which would cause holders of the Notes to lose the benefit of the security interest. If one or more of these laws and defences are applicable, a Guarantor may have no liability or decreased liability under its Guarantee depending on the amounts of its other obligations and applicable law. Limitations on the enforceability of judgements obtained in New York courts in such jurisdictions could limit the enforceability of any Guarantee against any Guarantor.

Viridian may become subject to a legal challenge in which Junior Lenders, as plaintiffs, may seek to declare amendments to the Junior Credit Facility Agreement ineffective or pursue other claims, which, if such challenge were successful, could lead to an event of default under the Junior Credit Facility Agreement and result in a change of control.

The Junior Credit Facility Amendment, among other changes, will: (i) extend the maturity of the Junior Credit Facility until a date falling eight years after the Escrow Release Date; (ii) increase the interest rate and change the interest payment requirement under the Junior Credit Facility Agreement from cash-pay to a PIK instrument; (iii) replace existing covenants with covenants substantially similar to the covenants of the Notes; (iv) replace all information undertakings with information undertakings substantially similar to the information undertakings of the Revolving Credit Facility; (v) make all necessary amendments to the Junior Credit Facility Agreement to ensure that the Notes and the Revolving Credit Facility, and all hedging permitted thereunder (including all related guarantees), are permitted; (vi) amend the Junior Credit Facility Agreement to ensure that the Existing Senior Credit Facilities can be fully repaid without requiring any repayment under the Junior Credit Facility Agreement; (vii) delete all mandatory prepayment requirements under the Junior Credit Facility Agreement, with the exception of "Change of Control" (defined substantially similarly to the corresponding definition in the Notes), and the addition of mandatory prepayment requirements in respect of excess proceeds from the disposal of the Group's operational and in-construction wind farm assets, excess proceeds from the refinancing of the Notes, any other financial indebtedness incurred by VGHL in excess of £1 million and the net proceeds from the sale of any other assets by the Group (other than the operational and in-construction wind farm assets); (viii) allow the release of certain collateral currently securing obligations under the Junior Credit Facility; (ix) allow for the contribution of Junior Debt owned by Arcapita and its affiliates into the Group, and allow for the issuance by any member of the Group to Arcapita or any of its affiliates of debt instruments that are subordinated to the Junior Credit Facilities in consideration of the Contribution and (x) provide Junior Lenders with second-ranking security over Viridian's portfolio of operating and in-construction wind farm assets. See "Description of Certain Indebtedness—Junior Credit Facility". Viridian has agreed with certain third party Junior Lenders to require the unanimous consent of Junior Lenders to amend the Junior Credit Facility Agreement and the Existing Intercreditor Agreement; provided that the requirement for unanimous consent may be waived with 95% Junior Lender approval in which case such amendments will require an affirmative vote of Junior Lenders holding at least $66^{2}/_{3}$% of outstanding debt under the Junior Credit Facility Agreement. As described under "Summary—The Refinancing—The Junior Credit Facility Agreement Amendment", affiliates of Viridian or Arcapita that will (following the Elevation) hold 66.98% of the outstanding Junior

Debt have consented or agreed to consent (upon Elevation) to vote in favour of the amendments to the Junior Credit Facility Agreement.

It is possible that none of the Junior Lenders that are not affiliates of Viridian or Arcapita will vote in favour of the amendment. Viridian cannot exclude the risk that such amendments, which will be made concurrently with the Offering, may be subject to legal challenge by non-consenting Junior Lenders. If such challenge were successful, then the amendments could be declared ineffective, which could result in: (i) payments being overdue under the Junior Credit Facility; and/or (ii) an event of default under the Junior Credit Facility Agreement, which could ultimately lead to the acceleration of the Junior Credit Facility and the enforcement by the Junior Lenders of their share pledges over Viridian Group Holdings Limited and/or the Parent Guarantor, resulting in a Change of Control under the Indenture. In addition, the Junior Lenders could pursue other claims, including, to the extent of any amounts due but unpaid to any Junior Lender, claims on an unsecured basis, which, among other things, could render Viridian Group Holdings Limited insolvent and/or may result in a realisation of its assets and/or a change of control.

In July 2011, a group of Junior Lenders who also held part of the Existing Senior Credit Facilities, as well as an ad hoc committee of Junior Lenders (the "Ad Hoc Committee"), which then claimed to hold approximately 13.65% of the principal amounts outstanding under the Junior Credit Facility, threatened to take legal action to prevent Viridian from amending the Junior Credit Facility. Since 13 July 2011, however, the Junior Lenders and the Ad Hoc Committee have made no further threat of legal action. See "Business—Legal Proceedings".

The Issuer and the Guarantors will have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.

The security documents governing the Collateral will allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes. So long as no default or event of default under the Indenture governing the Notes would result therefrom, the Issuer and the Guarantors may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of Collateral and making ordinary course cash payments, including repayments of indebtedness.

The Issuer will be an unaffiliated special purpose financing company prior to the Issuer Transfer Date, and holders of the Notes will have limited recourse to the Issuer during this period.

The Issuer has been formed as an unaffiliated special purpose financing company owned by the Share Trustee for the primary purpose of facilitating the offering of the Notes. The equity interests of the Issuer will be transferred to Viridian Group FundCo I Limited on the Issuer Transfer Date, which is expected to be the Escrow Release Date. The obligations of the Issuer under the Indenture, the Notes, the Security Documents (as defined under "*Description of the Notes*") or otherwise will be limited as set forth in the Indenture. All payments to be made, if any, by the Issuer prior to the Issuer Transfer Date under the Indenture (including any Additional Amounts), the Notes, the Security Documents or otherwise will be made only from and to the extent of such sums received or recovered by or on behalf of the Issuer, the Trustee or the Security agent under the Escrow Accounts or other sums delivered to the Issuer by the Group, if any, and none of the Trustee, the Security Agent, the Principal Paying Agent, the Registrar, the holders of Notes or any other creditors will have any further recourse to the Issuer in respect thereof in the event that the amount due and payable by the Issuer prior to the Issuer Transfer Date under the Indenture, the Notes or the Security Documents exceeds the amounts so received or recovered.

Prior to the Issuer Transfer Date, the Trustee and the holders of the Notes will not be permitted to take any action, commence any proceeding or petition a court for the liquidation of the Issuer, nor will they be permitted to enter into any arrangement, reorganisation or insolvency proceeding in relation to the Issuer, whether under the laws of the Cayman Islands or other applicable bankruptcy laws. The obligations of the Issuer prior to the Issuer Transfer Date will be solely obligations of the Issuer, and the Trustee and the holders of the Notes will not have any recourse against any of the directors, officers or employees of the Issuer for any claims, losses, damages, liabilities, indemnities or other obligations whatsoever prior to the Issuer Transfer Date in connection with any transactions contemplated by the Indenture, the Security Documents and the related documents. Having distributed the net proceeds of the Escrow Accounts and sums delivered to the Issuer by the Group, if any, in each case in accordance with and to the extent permitted by the Indenture, none of the Trustee, the Security Agent, the Principal Paying Agent, the Registrar and the holders of the Notes may take any further steps to recover any sum due prior to the Issuer Transfer Date that is still unpaid in respect of the Notes, the Indenture or any of the Security Documents or otherwise and all claims against the Issuer in respect of any such sum due but still unpaid shall be extinguished.

USE OF PROCEEDS

Upon consummation of the Offering, the Initial Purchasers deposited the gross proceeds of the Offering into the Escrow Accounts pursuant to the terms of the Escrow Agreement. In addition, on or before the Issue Date, the Issuer deposited into the Escrow Accounts an amount in cash equal to the amount of interest that would accrue on the Notes from the Issue Date to the Escrow Longstop Date. Upon satisfaction of certain conditions, including the transfer of the equity interests of the Issuer to Viridian Group FundCo I Limited, the transfer of the equity interests of Viridian Group FundCo III Limited to the Issuer and the approval of the JFA Amendment and Restatement Agreement and ICA Amendment and Restatement Agreement, the funds from the Escrow Accounts were released to the Issuer and utilised as described below. See "Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption".

Viridian intends to use the gross proceeds of the Offering, together with cash on hand, (i) to repay the Existing Senior Credit Facilities, (ii) to repay, in part, the Participation Loan, (iii) to repay interest payable on the Junior Debt and related consent fees and other amounts, (iv) to pay costs, administrative expenses and fees (legal, accounting or otherwise) in connection with the Refinancing and (v) for certain other general corporate purposes.

The following table shows the estimated sources and uses of funds from the Offering.

Sources	**Amount**	**Uses**	**Amount**
	(£ million)		**(£ million)**
Notes offered hereby[(1)]	404.9	Repayment of the Existing Senior Credit Facilities[(3)]	449.8
Cash and cash equivalents[(2)]	169.9	Repayment in part of Participation Loan[(4)]	63.6
		Payment of junior interest and related consent fees[(5)]	14.1
		Retained cash	21.3
		Fees and expenses[(6)]	26.0
Total sources	**574.8**	**Total uses**	**574.8**

Notes:

(1) Represents £418.6 million equivalent aggregate principal amount of the Notes offered hereby, consisting of €313 million of Euro Notes and $250 million of Dollar Notes, net of an original issue discount of 3.277% (€10.3 million and $8.2 million, together representing £13.7 million equivalent). The principal amount of the Notes has been translated at an exchange rate of €1.1942 (as reported by the Financial Times on 29 February 2012) and $1.5975 (the Bloomberg Composite Rate for dollars against pounds sterling on 29 February 2012) per £1.00. These exchange rates may differ from the exchange rates in effect at the time of the release of the proceeds from escrow. The net proceeds of the Offering, being the Notes offered hereby minus the amount of the fees and expenses of the Refinancing (both as disclosed in the table above), are £378.9 million.

(2) Represents the cash and cash equivalents position at 31 December 2011, excluding £11.8 million of restricted cash held by Viridian's owned wind farm assets. Cash held in euro has been translated at an exchange rate of €1.1972 per £1.00 (the rate used by Viridian in the computation of its financial statements as at 31 December 2011). Cash and cash equivalents includes £58.1 million cash collateral and security deposits which have been provided to counterparties in respect of hedging and trading in the SEM. The collateral in respect of hedging and trading activities is expected to be returned following the refinancing and the SEM collateral will be replaced by letters of credit.

(3) Represents the repayment and redemption of the Existing Senior Credit Facilities. As of 31 December 2011, £449.8 million in principal amount was outstanding under the Existing Senior Credit Facilities (at an exchange rate of €1.1972 per £1.00 (the rate used by Viridian in the computation of its financial statements as at 31 December 2011)). This amount may differ from the actual pay-off amount depending on several factors, including changes to exchange rates with respect to currently outstanding loans denominated in euro.

(4) A portion of the net proceeds from the sale of the Notes will be loaned on the Escrow Release Date to an affiliate of Arcapita to repay a portion of the amounts outstanding under the Participation Loan. See "Summary—The Refinancing". In connection with the Refinancing, certain affiliates of the Issuer's parent entities and DB Global Markets pursuant to the Participation Loan (on behalf of an affiliate of Arcapita), acquired participations in the Junior Debt with an aggregate principal amount equal to £366.4 million using a £103.5 million equity investment from Arcapita, the Participation Loan and £113.3 million loaned by Viridian to ECL. On the Escrow Release Date, the £366.4 million in aggregate principal amount of Junior Debt held by certain affiliates of the Issuer's parent entities (including Centennial) will be consolidated in a single affiliate of the Issuer's parent entities, ECL, and ECL will be contributed to the capital of Viridian Group FundCo III Limited or one of the Restricted Subsidiaries. The Contribution will be effected by either an equity contribution or a sale of the shares in ECL to Viridian Group FundCo III Limited. On the Escrow Release Date, £63.6 million from the proceeds of the Offering, together with an additional £14.7 million equity contribution from Arcapita and £9.0 million of cash held at Viridian Group Holdings Limited, will be used to repay a portion of the Participation Loan outstanding under the Participation Agreement. In the event the Contribution is effected by way of a sale of the shares in ECL, an intercompany balance in the amount of £118.2 million will ultimately arise between Viridian Group Investments Limited and Viridian Group Holdings Limited, in the form of an intercompany loan, which will remain outstanding and will be subordinated to the Notes. ECL will renounce all rights to receive any cash ahead of third party Junior Lenders and will also effectively disenfranchise itself except for certain decisions affecting the Junior Debt it owns.

(5) A portion of the net proceeds from the sale of the Notes will be used to pay the cash interest accrued on the Junior Debt until the date of closing, as well as associated consent fees and other amounts. From the date of closing, further to an amendment, all interest on the Junior Debt will be PIK interest.

(6) This amount reflects an estimate of remaining fees and expenses Viridian will pay in connection with the Refinancing at the Escrow Release Date, including commitments, placement, utilisation and other transaction costs and professional fees.

CAPITALISATION

The following table sets forth the consolidated capitalisation and cash and cash equivalents for Viridian as of 31 December 2011 on an unaudited consolidated basis and adjusted to give effect to certain aspects of the Refinancing, including the release of the funds from the Escrow Accounts, as if they had occurred on that date. The table excludes:

- the existing subordinated loans from Viridian Group Holdings Limited (£541.4 million at 31 December 2011) and the new subordinated shareholder loan from Viridian Group Holdings Limited (£118.2 million) arising as a result of the Contribution in connection with the Refinancing;
- the investment in the Junior Credit Facility loans (£366.4 million) acquired by Viridian as part of the Refinancing;
- cash and cash equivalents (£11.8 million) and project finance debt (£54.3 million) in Viridian's owned wind farm assets at 31 December 2011 as described in notes 1 and 2 below; and
- the Bridge Loan.

This table should be read in conjunction with "Summary—The Refinancing", "Use of Proceeds", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Description of Certain Indebtedness" and the financial statements included elsewhere in this Offering Memorandum.

	As of 31 December 2011 (Actual)	**Adjustments**	**As of 31 December 2011 (Adjusted)**
Cash[(1)]	111.8	(90.5)	21.3
Security Deposits[(2)]	58.1	(58.1)	—
Total Cash and cash equivalents	**169.9**	**(148.6)**	**21.3**
Indebtedness[(3)]			
Existing Senior Credit Facilities[(4)]	449.8	(449.8)	—
Revolving Credit Facility	—	—[(5)]	—[(5)]
The Notes[(6)]	—	418.6	418.6
Original Issue Discount	—	(13.7)	(13.7)
Deferred Finance Fees	—	(26.0)	(26.0)
Total Indebtedness	**449.8**	**(70.9)**	**378.9**
Shareholders' equity	**63.2**	**—**	**63.2**
Total capitalisation[(3)]	**343.1**	**77.7**	**420.8**

Notes:

(1) Cash as at 31 December 2011 excludes £11.8 million of restricted cash held by Viridian's owned wind farm assets. Cash held in euro has been translated at an exchange rate of €1.1972 per £1.00 (the rate used by Viridian in the computation of its financial statements as at 31 December 2011). See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contribution from Viridian's Owned Wind Farms". Actual cash at the time of the release of the proceeds from escrow may differ depending on, *inter alia*, the development of earnings, working capital and exchange rates.

(2) Security deposits as at 31 December 2011 are expected to be returned following the refinancing. Security deposits placed in euro have been retranslated at an exchange rate of €1.1972 per £1.00 (the rate used by Viridian in the computation of its financial statements as at 31 December 2011).

(3) Indebtedness and total capitalisation as set out above exclude the subordinated loans from Viridian Group Holdings Limited, including the intercompany balance resulting from the Contribution as described in "Summary—The Refinancing—The Junior Debt", the investment in the Junior Credit Facility loans, the Bridge Loan and the project finance debt. Project finance debt is held by the Unrestricted Subsidiaries and is secured by their assets, but is ring-fenced and non-recourse to the rest of the Group. See "Description of Certain Indebtedness—Non-recourse project finance facilities". As of 31 December 2011, £54.3 million was outstanding under those facilities (drawings in euro have been translated at an exchange rate of €1.1972 per £1.00 (the rate used by Viridian in the computation of its financial statements as at 31 December 2011)).

(4) As of 31 December 2011, £449.8 million was outstanding under the Existing Senior Credit Facilities. The Existing Senior Credit Facilities are guaranteed on a senior basis and are secured by a security interest in all of the share capital, assets and undertakings of the guarantors under the Existing Senior Credit Facilities, most of whom will also be guarantors under the Notes.

(5) The Revolving Credit Facility is expected to be partially drawn on and after the Escrow Release Date on a non-cash basis with respect to utilisations by way of LOCs in an aggregate nominal amount of approximately £120.0 million and on a cash basis with respect to the short-term bridging associated with the return of security deposits described above in footnote 2; and any potential negative operating cash flows associated with seasonal working capital or regulatory under-recoveries in the period to closing. The Revolving Credit Facility is guaranteed on a senior basis and is secured by a security interest in the same Collateral as the Notes. See "Description of Certain Indebtedness—Revolving Credit Facility Agreement".

(6) The €313 million (£262.1 million) principal amount of the Euro Notes has been translated at an exchange rate of € 1.1942 per £1.00 (as reported by the Financial Times on 29 February 2012) and the $250.0 million (£156.5 million) principal amount of the Dollar Notes has been translated at an exchange rate of $1.5975 per £1.00 (the Bloomberg Composite Rate for dollars against pounds sterling on 29 February 2012). These exchange rates may differ from the exchange rates in effect as of the time of the release of the proceeds from escrow. The Notes will be senior obligations of the Issuer and will rank equal in right of payment with all of the Issuer's existing or future senior debt. At the time of, and after the release of, the proceeds from escrow, the Notes will be guaranteed on a senior basis by each of the Guarantors. The Notes and the Guarantees will be secured by a first-ranking security interest in the share capital and assets of the Guarantors, subject to certain carve-outs and agreed security principles. Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of the obligations under the Revolving Credit Facility (or any replacement facilities) and certain hedging obligations that are permitted to be secured by the Collateral will receive priority with respect to any proceeds received upon any enforcement action over any Collateral. The Senior Secured Guarantees will be subject to certain limitations under applicable law, as described under "Limitations on Validity and Enforceability of Guarantees and Security".

INDUSTRY OVERVIEW

The market data and certain economic and industry data and forecasts used in this Offering Memorandum were obtained from governmental and other publicly available information, independent industry publications and reports prepared by industry consultants. This Industry Overview draws extensively from a market review prepared by NERA Economic Consulting.

History of the Irish Electricity Market

The RoI and Northern Ireland electricity markets have undergone major reforms in recent years. In particular, the regulators in the two jurisdictions, the CER and the NIAUR, replaced their individual wholesale market arrangements with an all-island market known as the Single Electricity Market, or SEM, in November 2007. At the heart of the SEM is a mandatory "gross pool" that provides a transparent wholesale electricity price and a guaranteed outlet for all electricity production on the island of Ireland, together with an explicit capacity payment mechanism. The SEM wholesale market was adopted by the CER and NIAUR following a long period of development in order to provide advantages over the pre-existing bilateral contracts markets in the areas of security of supply, efficiency, practicality, equity and competition, while maintaining stability.

Republic of Ireland

The RoI market started its transition to a liberalised structure at the end of the 1990s. This commenced with the passing of the Electricity Regulation Act, or ERA, in 1999, which created a framework for the liberalisation of electricity generation and supply and created an independent industry regulator, the Commission for Energy Regulation, or CER. In 2000, further regulations established the independent Transmission System Operator, or TSO, in the form of ESB National Grid (now EirGrid, a statutory company owned by the RoI government). EirGrid operates the electricity transmission system under a regulated agreement with ESB (Network Division), who retains ownership of the transmission and distribution network assets. Currently, the RoI electricity market is fully liberalised. ESB retains responsibility for operation of the distribution system.

Prior to liberalisation, the incumbent utility ESB (a corporate body owned by the RoI government) had a monopoly position at all levels of the electricity supply chain and supplied customers through bundled tariffs set by the government. Although ESB was reorganised after the market's liberalisation, it still retains a significant market share in both generation (through ESB Power Generation, or ESBPG) and retail supply (through ESB Customer Supply, or ESBCS, and ESB Independent Energy, or ESBIE (now ESB Electric Ireland), both of which are currently operating under the new brand, ESB Electric Ireland).

Since liberalisation, a number of new players have entered the market and established strong positions, led by Viridian who developed the Huntstown 1 and Huntstown 2 CCGT power stations and Energia as its competitive retail supply business. Scottish and Southern Energy also entered the market in 2008 by acquiring Airtricity, which has both renewable generation and a retail supply business. The state-owned company, BGE, has recently developed a new 445MW CCGT plant, which was commissioned in November 2010, and also acquired SWS, a renewable energy developer with approximately 180MW of installed capacity. BGE is also active in retail supply, as are a number of other smaller participants. In addition, Endesa entered the market in 2008 when it acquired two ageing oil-fired power plants and two peaking plants from ESB, acquiring 14% of the RoI's generating capacity (1,050MW) from ESB. The Generation Capacity Statement 2012–2021 includes an Endesa 459MW CCGT plant (albeit with firm access limited to 216MW until 2021) from 2013. Since the publication of the Generation Capacity Statement 2012–2021, management understands that Endesa is in the process of selling their Irish interests. If such a sale occurs, it is unknown if this project will go ahead under new owners. Further, ESB was permitted to construct a new 431MW CCGT power plant on the site of an existing ESB power plant in Aghada, County Cork in the RoI which was commissioned in April 2010. The 500MW East-West Interconnector, to be completed by EirGrid in 2013, will further increase competition in the RoI generation market.

Northern Ireland

The Northern Ireland market commenced its transition to a liberalised, unbundled structure earlier than the RoI when the incumbent utility, Northern Ireland Electricity Service was privatised in 1992. During the first phase, the UK government sold the then existing four thermal generating plants, with combined capacity of approximately 2GW, under long-term power purchase agreements, or PPAs, and established Northern Ireland Electricity, or NIE, to perform all of the other non-generation functions, including establishing NIE as the contractual counterparty to the PPAs where it acted as the single buyer of electricity in the market. The following four plants were sold:

- Kilroot, with 578MW of coal/oil-fired capacity, was sold to a joint venture company between AES and Tractebel Energia (which was later acquired outright by AES);

- Belfast West, with 240MW of coal-fired capacity, was sold to a joint venture company between AES and Tractebel Energia and subsequently decommissioned in 2002. The site is currently for sale by NIAUR;

- Ballylumford, with 1,076MW of capacity (960MW HFO-fired and 116MW distillate-fired) was sold to British Gas (which subsequently split into BG Group and Centrica plc), who in turn sold it to AES in 2010; and

- Coolkeeragh, with 358MW of capacity (300MW HFO-fired and 58MW distillate-fired), was sold in a management buyout, and the remaining 120MW of the HFO-fired capacity ceased operations in 2005. The plant was replaced by the 400MW CCGT plant developed, owned and operated by ESBI.

In the second phase of privatisation, in 1993, NIE, comprising transmission and distribution, power procurement and supply, was listed on the London Stock Exchange. At this time, entry into the retail market was deregulated. However, new entrants had to purchase power from NIE under a bulk regulated supply tariff, which restricted competition. NIE was restructured in 1998 into separate regulated and unregulated businesses, under the holding company Viridian Group PLC. Viridian was acquired by Arcapita in 2006 and still operates under the 1998 structure, although, the System Operator for Northern Ireland, or SONI, was sold to EirGrid in 2009 and the transmission and distribution business was sold to ESB NI in 2010.

Other than renewable generation, and the 400MW CCGT plant commissioned by ESB International in 2005 on the site of the former Coolkeeragh power station, there have been few new entrants into the Northern Ireland generation market since liberalisation began in the 1990s.

All customers are able to choose an electricity supplier. Although the retail market is fully open to competition, the residential and small business segments continue to be largely supplied by Power NI, the regulated incumbent electricity supplier. A number of new suppliers have entered the market over the past 15 years. However, their penetration is limited to the business segment, where Power NI's share of the SME and LEU markets has fallen to 23% and 4%, respectively, in the 12 months ended 30 September 2011. In the residential market, Power NI still held an approximate 95% market share in the 12 months ended 30 September 2011, supported by the price control regulations.

Creation of the Single Electricity Market (SEM)

Previously, a bilateral market operated in each of Northern Ireland and the RoI where suppliers contracted directly with generators to satisfy customer demand. Both Power NI (in Northern Ireland) and ESBCS (in the RoI) published regulated tariffs in their capacity as public electricity suppliers. These tariffs, particularly in the RoI, have historically set the benchmark for contracts in the competitive market.

In November 2004, the Minister responsible for Enterprise, Trade and Investment in Northern Ireland and the Minister for Communications, Marine and Natural Resources in the RoI jointly published a development framework for the introduction of an all-island energy market. Within that framework, one of the priorities was to establish arrangements for all-island trading of wholesale electricity—the SEM.

In 2007, the SEM was established for the island of Ireland, also known as the all-island energy market. The SEM has created a gross mandatory pool market, into which all electricity generated on or imported into Ireland must be sold, and from which all wholesale electricity for consumption on or export from Ireland must be purchased (except where the capacity of the generator is *de minimis* (*i.e.*, 10MW or less) which can be traded directly with suppliers). Unlike the structure in Great Britain where bilateral contracts also exist, given the relatively small size of the market, Ireland chose to create a mandatory pool to maximise transparency and liquidity in the wholesale electricity market pool.

Demand

Demand for energy in Ireland, including electricity, is highly correlated to GDP and the wider macroeconomic climate.

Prior to 2008, electricity demand in the RoI grew relatively quickly, fuelled by strong GDP growth. Peak load and energy demand in the RoI grew by compound annual growth rates of 3.2% and 3.0%, respectively, between 2000 and 2008. However, due to the impact of the recent recession, peak and energy demand fell by 5.5% and 4.2%, respectively, in 2009. Energy demand in the RoI remained flat in 2010, with peak demand falling by a further 0.4%. In Northern Ireland, recent demand data from SONI shows that the recession also reduced electricity demand; however, between 2008 and 2009, peak demand fell by 3.1% and total electricity consumption fell by 3.5%, suggesting that the recession had a smaller impact on electricity demand than in the RoI. The recent economic slowdown has led to a dampening of electricity demand, with 2011 witnessing a fall of 2.0% in the RoI and zero growth in Northern Ireland.

On the back of the expected economic recovery, the Generation Capacity Statement 2012–2021 (produced by EirGrid and SONI) expects that energy demand will return to 2008 levels, when it was at its peak, by 2014 under its median case forecasts. Further, EirGrid has forecast all-island electricity demand growth of between 0.9% and 1.8% from 2012 through 2020.

Generation

As of 31 December 2010, Viridian was the number two generator of electricity by capacity on an all-island basis, with an 18% market share (approximately 9% was contributed by VP&E, including PPA capacity, and the balance of approximately 9% was contributed by PPB). As of 31 December 2010, the largest market participant was ESB Power Generation, with a 35% market share. Endesa Ireland had a market share of approximately 8%, and wind generation, other than that generated by Viridian, made up approximately 17% of installed capacity.

Republic of Ireland

The RoI market is relatively small but has enjoyed rapid demand growth over the last decade due to the rapid expansion of the RoI economy. In 2010, peak demand stood at 4,715MW and total electricity demand was 27TWh, compared to peak demand of approximately 58,500MW and electricity demand of 328TWh in Great Britain.

The RoI's installed generation capacity is a mix of coal, oil and gas plants with rapidly increasing contribution from wind generation. Gas-fired CCGT capacity has increased over the past decade supported by natural gas interconnection expansion. There is a statutory ban on nuclear development.

ESB is the historic incumbent and currently owns 48% of installed capacity, driven by a mix of coal, oil, gas, peat and hydro power. ESB's market share has gradually eroded since the market's liberalisation, driven by a combination of new entrants and regulatory divestiture and plant closure requirements. Pursuant to an Asset Strategy Agreement with the CER (the "Asset Strategy Agreement"), ESB sold approximately 1,050MW of capacity, comprising approximately 850MW of oil-fired capacity and 200MW of distillate-fired peaking plants, to Endesa in 2008. Although ESB's divestment has given Endesa a 14% share of the market by installed capacity, these plants are among the last in the merit order and operate infrequently, so Endesa's electricity generation output is lower. While Endesa is also planning to build a 459MW CCGT plant, which is expected to be commissioned in 2013, the plant will only have firm acccess to the grid for 216MW until 2021. Management understands that Endesa is in the process of selling their Irish interests. If such a sale occurs, it is unknown if this project will go ahead under new owners. Under the Asset Strategy Agreement, ESB was permitted to construct a new 431MW CCGT power plant on the site of an existing ESB power plant at Aghada, County Cork in the RoI.

Other companies have entered the market through major generation investments. The largest new participant is Viridian with its two CCGT plants, Huntstown 1 and 2, with combined capacity of 747MW, corresponding to approximately 10% of installed capacity in the RoI. Other new entrants include the 400MW Synergen gas-fired plant (70% owned by ESB), the 381MW Tynagh gas-fired (the majority of the output of which is purchased by ESB under contract) and the 118MW Edenderry Peaking Plant, as well as the new 431MW Aghada CCGT plant commissioned by ESB in April 2010 and the new 445MW Whitegate CCGT plant, commissioned by BGE, in November 2010. The 500MW East-West Interconnector, or EWIC, to be completed by EirGrid in 2013 will further increase competition in the RoI generation market. According to the All-Island Generation Capacity Statement 2012–2021, an installed capacity of 1,805MW from wind farm projects on an all-island basis is expected to come online in the period between 1 January 2012 and 31 December 2016.

Northern Ireland

The Northern Ireland market is also small by European standards with peak electricity demand of 1,738MW and electricity demand of 9TWh in 2010. Installed generation capacity is a mix of coal and gas plants, with a gradually expanding contribution from wind generation. Similarly to the RoI, Northern Ireland has also experienced the commissioning of gas-fired CCGT capacity to replace the closure of old capacity.

AES is the largest generator in Northern Ireland, owning 1,918MW of capacity, though Viridian is the largest Northern Ireland participant in the SEM through its PPB which is an off-taker for the remaining GUAs at Kilroot, Ballylumford and Coolkeeragh that were put in place at the beginning of privatisation, accounting for 1,012MW (AES participates in the SEM with 964MW). In November 2010, the NIAUR directed PPB to terminate two GUAs with the coal/HFO fired units at Kilroot on the basis that competition has developed to a sufficient extent and that these contracts no longer represent good value for the customers in Northern Ireland. The next largest generator is ESBI with 400MW CCGT capacity in Coolkeragh. Additional capacity is available through the 500MW Moyle Interconnector (which links the Northern Ireland electricity system to that in Scotland) and additional capacity is provided by plants in the RoI via a RoI-Northern Ireland transmission line, sometimes referred to as the North-South Interconnector.

Supply-demand Balance

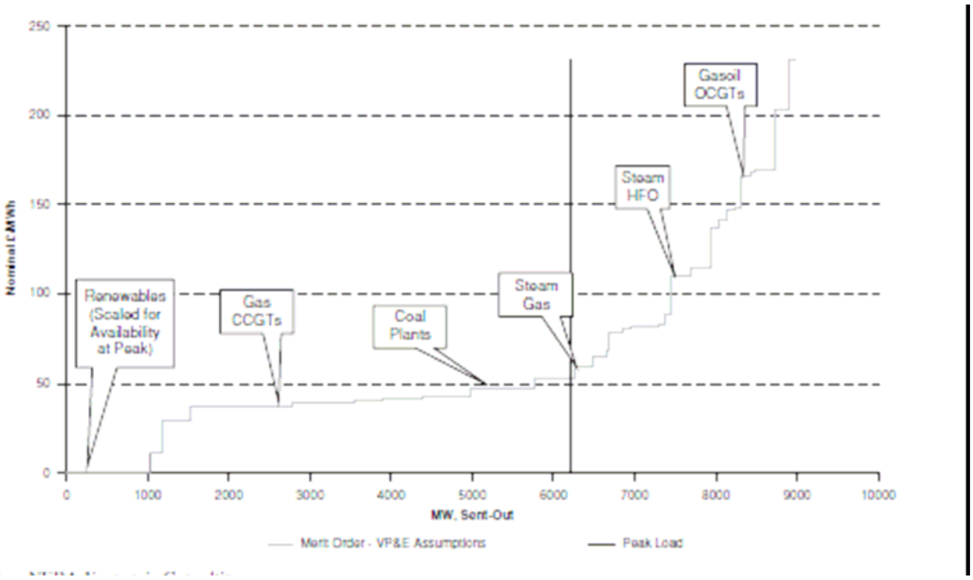
Reserve margins

The Generation Capacity Statement 2012–2021 base case indicates an all-island capacity surplus of 1,764MW in 2012 rising to 2,041 in 2015 before reducing to 1,811MW in 2017. The reserve margin continues to fall to 1,578MW by 2021.

The increased level of interconnection to Great Britain as a result of the development of the 500MW high voltage direct current, or HVDC, East-West Interconnector and projected tightening of capacity margins in Great Britain may provide future outlet for any excess capacity in the RoI.

The merit order

The level of plant utilisation is primarily dependent on demand, the plant's availability and position in the merit order. The merit order ranks available sources of power in ascending order of their short-run marginal cost of production (*i.e.*, the least expensive sources of power are first in the merit order). The following table is indicative of the merit order between January 2011 and March 2011:



Source: NERA Economic Consulting

In the last quarter of calendar year 2011, the reduced price of carbon has caused one of Ireland's two coal-fired generators, Moneypoint (commissioned in 1985), to move up in the SEM merit order where it now ranks ahead of most CCGT generators, including Huntstown 1 and Huntstown 2.

In the SEM, the merit order is established by each generator submitting offers to the SEM for the following day for their generation capacity. These offers include start-up and no-load costs (which are costs associated with running a plant, even in the absence of electricity generation) and a set of prices for different levels of output. Regardless of the offer submitted to the SEM, all generators that are dispatched to meet demand are paid at least the SMP for the electricity sold into the pool. The SMP is set based on an "unconstrained" dispatch of available generation capacity. This assumes no constraints (*i.e.*, no restriction imposed by the TSO on the ability of a generator to dispatch electricity or physical limitations of dispatching such electricity) in the calculation of the SMP. That said, in real time, generators may face such constraints. All deviations between the actual dispatch of electricity by a generator and the market scheduled quantity of electricity are settled by way of Constraint Payments. Where a generator has actually been dispatched to a level that is higher than its market scheduled quantity, it receives its offer price for the additional output. Where the generator is dispatched at a level that is lower than its market scheduled quantity, it effectively makes a repayment based on its offer price (but as it receives a payment based on the SMP for its market scheduled quantity, it retains the profit derived from the difference between the SMP and its offer price).

The SMP generally reflects the short-run marginal cost of the last unit required to meet demand for the relevant trading period. Therefore, plants that have priority dispatch rights (*e.g.*, renewable generators) and those with a relatively low marginal cost, and, hence, a lower offer price, achieve a better position in the SEM merit order that allows the plant to capture a greater margin between the SMP and its short-run marginal costs. Plants with a low marginal cost of production (*e.g.*, wind) are the first plants to be dispatched and the plants with the highest marginal cost are the last. The SEM power prices have historically operated at a premium to UK power markets, reflecting the different characteristics of the generation fleet in Northern Ireland and the RoI compared to Great Britain and higher input costs.

Wind generators effectively have no marginal cost and are afforded priority dispatch. Therefore, they are nearly always called upon by the TSO to generate, assuming there is enough wind to activate their turbines. After accounting for the contribution from wind generation, demand in most hours in the Northern Irish and RoI market can be met by coal and gas-fired CCGT plants, whose ranking in the merit order fluctuates depending on the relative coal-to-gas price differentials and carbon prices (since coal and gas-fired units have different carbon intensity). Last in the merit order are older HFO-fired plants and distillate-fired open-cycle gas turbines, which are mainly operated as peaking plants.

Interconnectors provide a source of competition for generators in the SEM. Ireland currently has limited interconnection capacity to Great Britain through the Moyle Interconnector (which interconnects Northern Ireland to Scotland), which has a maximum trading capacity of 450MW (east-to-west). Currently, EirGrid is constructing the 500MW East-West interconnector between Great Britain and the RoI, which EirGrid forecasts to come online in 2013.

Retail Supply

Both Northern Ireland and the RoI electricity supply markets have been progressively opened to competition and are now fully liberalised. Nonetheless, regulated tariffs still apply to Power NI in Northern Ireland and have only recently been removed in the RoI (regulated RoI tariffs were previously applied to ESB CS).

The electricity supply market in Ireland can be split into three segments: LEUs, SMEs and residential customers. LEUs comprise large industrial and commercial users with heavy usage typically connected to the 110kV network or directly to the transmission system. The SME market comprises the service sector and small industrial customers, usually with less than 250 employees. Residential customers represent the largest segment by number making up 88% and 91% of the electricity market in Northern Ireland and the RoI, respectively. Although LEUs and SMEs represent a much smaller number of customers, together they account for approximately 63% of electricity demand in both Northern Ireland and the RoI.

Republic of Ireland

Electricity supply

Full liberalisation of the RoI retail electricity market was completed in 2005; however, the incumbent ESB CS continued to offer regulated tariffs across all segments, effectively placing a cap on competitive market prices. All business markets were deregulated on 1 October 2010, and the residential market was deregulated on 1 April 2011, from which point all suppliers were free to set their own tariffs. ESB CS was rebranded as (and is referred to in the Offering Memorandum as) ESB Electric Ireland from 4 April 2011. The following table provides a breakdown of the electricity supply market in the RoI on the basis of market share:

	In the 12 months ended 30 September 2011			
RoI Estimated Market Share (by GWh)	**LEU**	**SME**	**Residential**	**Total**
ESB Electric Ireland[1]	48%	29%	58%	45%
Energia	22%	35%	—	18%
Airtricity	14%	22%	17%	18%
BGE	8%	14%	25%	16%
Others	8%	—	—	3%
Total market share	**100%**	**100%**	**100%**	**100%**

Source: CER Electricity Retail Market reports

Note:

(1) ESB Electric Ireland is the name given to the combined entity comprising ESBIE (now Electric Ireland) and ESB CS.

Since liberalisation, the market share of ESB CS and ESBIE (now ESB Electric Ireland) across all customer classes has fallen, and it has ceded market share to its three main competitors, Energia, Airtricity and BGE. Competition has developed at a different pace across the segments. ESB Electric Ireland continues to lead the residential market, although the market is becoming more competitive with an increase in churn rates being observed, resulting in switching both away from ESB Electric Ireland to independent suppliers and between independent suppliers. Between 2009 and September 2011, ESB Electric Ireland's residential market share dropped from 84% to 58%, driven by market share gains of Airtricity and BGE. ESB Electric Ireland remains the largest supplier of the LEU segment with 48% in the 12 months ended 30 September 2011, followed by Energia with 22% market share. Energia is the largest SME supplier with 35% market share, followed by ESB Electric Ireland with 29%, all in the 12 months ended 30 September 2011.

Natural gas supply

The RoI imports the majority of its natural gas. The state-owned BGE is the incumbent natural gas supplier and remains the dominant player to all the customer segments. BGE serves 36% of the LEU market, 48% of the SME market and 81% of the residential market. Energia is the next largest supplier with 19% of the LEU market and 22% of the SME market in the 12 months ended 30 September 2011. Energia does not supply the residential market. Other RoI suppliers include Vayu, Flogas, Gazprom, ESB Electric Ireland and Airtricity, each with much smaller market shares than BGE and Energia across all customer segments. The following table provides a breakdown of the natural gas supply market in the RoI on the basis of market share:

	In the 12 months ended 30 September 2011		
RoI Estimated Market Share (by volume)	**LEU**	**SME**	**Residential**
BGE	36%	48%	81%
Energia	19%	22%	—
Vayu	15%	11%	—
Flogas	—	17%	3%
Gazprom	14%	—	—
ESB Electric Ireland	3%	—	—
Airtricity	5%	2%	16%
Others	8%	—	—
Total market share	**100%**	**100%**	**100%**

Source: CER Competition Review Q3 2011

Northern Ireland

Electricity supply

Although all segments of the Northern Ireland retail market have been liberalised, the residential and small business segments are still controlled by the regulated incumbent electricity supplier, Power NI. This is driven by the fact that price controls still apply to all residential and SME customers below 150 MWh of consumption *per annum*, whereas tariffs for large customers are fully deregulated. The following table provides a breakdown of the electricity supply market in Northern Ireland on the basis of market share.

	In the 12 months ended 30 September 2011			
Northern Ireland Estimated Market Share (by GWh)	**LEU**	**SME**	**Residential**	**Total**
Power NI	4%	23%	95%	48%
Energia	30%	26%	—	16%
ESB Electric Ireland	39%	23%	—	17%
BGE (trading as Firmus)	—	1%	—	—
Airtricity	20%	27%	5%	17%
Others	7%	—	—	2%
Total market share	**100%**	**100%**	**100%**	**100%**

Source: NIAUR Energy Retail Report Q3 2011 and NIAUR Quarterly Transparency reports

There are currently seven independent supply companies, of which Energia, ESB Electric Ireland and Airtricity are the largest. Their penetration, however, is limited to the LEU and SME segments. Energia and ESB Electric Ireland effectively split the LEU market with each holding approximately 30% and 39% market share, respectively. In the SME segment, Power NI still has 23% market share, with Energia and Airtricity each holding approximately 26% and 27% market share and ESB Electric Ireland with 23% market share. Power NI continues to perform well in the residential market holding an approximate 95% market share in the 12 months ended 30 September 2011.

Natural gas supply

The Northern Ireland natural gas market relies solely on imported natural gas and the incumbent natural gas supplier Phoenix holds significant market share and supplies around 95% of residential customers and around 90% of business customers as at December 2009. Firmus (owned by BGE), the second largest supplier has approximately 5% of residential customers and approximately 10% of business customers. There are no other natural gas suppliers in Northern

Ireland. Because of this position, there have been very few opportunities for suppliers to take market share through dual fuel offerings, which was a feature of the UK market post liberalisation and is now becoming a feature of the RoI market.

Regulation

Capacity Payment Mechanism (CPM)

The CPM was established by the CER and NIAUR and is a key element of the SEM design as it provides a degree of financial certainty to generators for their investment in generation capacity. The SEM has adopted the CPM and all plants that declare availability to generate electricity into the pool receive a capacity payment.

Plants, which sell electricity into the pool or are included in the market schedule, receive the SMP in addition to the capacity payment. The SMP is designed to cover the variable cost of producing electricity. Plants that are higher in the merit order, have declared themselves available to be dispatched and are not scheduled or dispatched in a given trading period will receive the capacity payment only, which is intended to contribute to the fixed costs associated with the generation capacity made available by that plant (as noted below, payments are based on the annual fixed cost of a hypothetical peaking plant).

The capacity payments are funded by a "pot" of money, the size of which is calculated annually by the regulatory authorities (the CER and the NIAUR) based on the annual fixed cost of a hypothetical peaking plant net of any estimated infra-marginal energy rent and ancilliary service revenue (€76.34 KW/year in 2012). The pot is then divided into twelve monthly pots, weighted by peak to trough demand, and the monthly pots are subsequently distributed among generators according to their available capacity, technically referred to as the "Eligible Availability". The total capacity requirement proposed by the regulators to meet demand in Ireland for 2012 at the required level of security of supply is 6,918MW. This represents a value of € 528.1 million, a reduction of 3% from €544.7 million in 2011 as a result of reductions in best new entrant costs.

For conventional thermal plants (such as coal plants and CCGT plants), the Eligible Availability is primarily a function of the amount of capacity offered to the SEM in each trading period, calculated on the basis of blocks of 30 minutes. For generators where the capacity is variable, such as wind and other renewable generators, capacity payments are made for their outturn (or current) availability in each trading period. Outturn availability in respect of wind is essentially actual generation plus any generation that would have taken place if the plant had not been constrained by issues, such as grid limitations or curtailment by the system operator.

Review of the CPM

On 15 November 2011, the Commission for Energy Regulation and Utility Regulator published its draft decision paper on the medium term review of the CPM following consultation with key stakeholders. The paper discusses potential changes to the CPM with a view of further enhancing the reliability and adequacy of the SEM while maintaining price stability and minimising cost to the end consumer.

Key areas that will be reformed are:

- Forced Outage Probability ("FOP")—this will be increased, meaning more generation is required to meet the security requirements;
- Infra Marginal Rent ("IMR") deduction—the deduction of IMR from Best New Entrant ("BNE") fixed costs ensures that generators are not over compensated. The revised calculation will now take into account the FOP; and
- Calculation of the BNE—the parameters for the BNE calculation will be fixed for 3 years with the only annual changes being capacity requirements and indexation of costs. This will lead to increased stability of capacity payments and revenue certainty to generators.

One of the key reasons for the review is the expected growth of renewable generation, particularly from wind generation, and the ageing and unreliability of oil-fired steam generation units which necessitates the need for more flexible generation capacity on the all-island electricity system.

In Ireland, the TSO is responsible for procurement of ancillary services such as black start, which restores a power station to operation without the use of external power.

Under the Grid Code, generators able to dispatch are required to have the capability to provide operating reserves and reactive power when instructed to do so. The provision of these ancillary services is covered by a regulated contract with the TSO, the terms of which are approved by the relevant regulator (the NIAUR in Northern Ireland and CER in the RoI). Given the desire to reward generation flexibility, the review of the CPM will therefore be closely linked with these ancillary service arrangements. The costs of provision of ancillary services are recovered through the regulated grid revenues from demand customers.

Renewable Support Mechanisms

The renewable support mechanisms are driven by the binding EU agreement for 20% of EU energy consumption to come from renewable sources by 2020. The Northern Ireland and the RoI governments have set targets of procuring 40% of electricity generation from renewable sources by 2020.

Republic of Ireland

In the RoI, the applicable support mechanism is the REFIT.

Through the REFIT scheme, renewable energy developers can apply to receive support for their projects from the government. Under the scheme, licenced electricity suppliers are compensated for the additional cost of purchasing electricity from renewable sources. Under REFIT, project developers negotiate with electricity suppliers on the off-take price under the PPA. The supplier participates in the SEM on behalf of the renewable energy generators and receives the generation revenue in the SEM wholesale market, together with the applicable REFIT support. Where a supplier enters into a PPA with the developer of a plant that is below the *de minimis* 10MW threshold and, therefore, is not required to participate in the SEM, the supplier receives the applicable balancing payment but does not receive the SEM price because the plant does not participate in the SEM. Instead, the electricity volume purchased through the PPA is deducted from the electricity volumes purchased from the SEM pool by the supplier, thereby resulting in an avoided cost for the supplier (equal to the SEM price). The applicable REFIT support in each case is a regulated PSO supported payment for up to 15 years.

REFIT was implemented in 2006 and was designed to encourage licenced electricity suppliers to enter into PPAs for up to 15 years with renewable generators via two elements:

(i) *Floor Price*: suppliers are compensated if the SEM market price, including Constraint Payments achieved for electricity generated and capacity payments earned by a particular renewable generating unit in a calendar year, is below a base reference price. The reference price is indexed annually (upwards only) at the RoI Consumer Price Index, or CPI, and in 2012 is set at a floor of €68.08/MWh for large scale wind generation and €70.47/MWh for smaller scale wind generators. Suppliers claim any shortfall between the market and the floor prices in any annual period from a PSO pot administered by the CER.

(ii) *Supplier Payment*: electricity suppliers are compensated for the cost of balancing renewable generation at a rate which is equivalent to 15% of the floor price for large scale wind generation per MWh generated (being €10.21/MWh for 2012).

REFIT, therefore, delivers a minimum price to electricity suppliers for electricity sourced from renewable generators while allowing any price upside should the SEM market price exceed the floor price. The REFIT floor price mechanism is of particular value in markets with volatile fuel and electricity prices, as has been the case over the last 15 years. The mechanism allows renewable energy to earn full market upside when fuel prices are high and provides the floor price when they fall. Typically, the contract price paid to the generator would include some, but not all of the market price plus the applicable level of REFIT support, effectively splitting the subsidy between the generator and the supplier.

Projects that were operational by 2010 fall under the REFIT I scheme which set the reference market price for large wind energy technology (over 5MW) at €0.057/kWh in 2005 real terms—this is inflated at the Consumer Price Index (CPI) each year for the duration of the PPA. For small wind energy technology (under 5MW), the corresponding reference market price is €0.059/kWh in 2005 real terms.

The proposed REFIT II scheme will provide support to renewables projects not covered by the REFIT I timetable and is expected to be formally approved by the RoI government in Spring 2012. The levels and structures of support offered under REFIT II may end up higher or lower than REFIT I.

Northern Ireland

Northern Ireland has established the Renewable Obligation, which requires electricity suppliers to source a targeted percentage of supplied electricity from renewable sources, and any shortfall must be satisfied either by paying a buyout fee (£38.69/MWh in 2011/2012) or purchasing ROCs. Eligible renewable generators are granted free ROCs, which can be traded across the UK independent of the electricity to which they relate. For Fiscal Year 2011, 4.0% of supplies were required to be from renewable sources. For Fiscal Year 2012, the requirement will rise to 5.0% and then to 6.3% by Fiscal Year 2013.

The Renewable Obligation Order (Northern Ireland) 2009, as amended, introduced a banding system for generators which presented a different number of ROCs per MWh depending on the renewable technology. The new bands affect only projects that were developed after the reforms came into force in 2009 with all accredited projects and generation capacity in existence grandfathered into the former scheme. Historically, all technologies received one ROC per MWh. Under the new banding system, one ROC is issued for one MWh of on-shore wind capacity and one or two ROCs per MWh for off-shore wind capacity. The Northern Ireland Department of Enterprise Trade and Investment (DETI) regularly reviews these bandings to ensure that the level of support offered is in line with costs and continues to incentivise renewables development. For onshore windfarms commissioning in Northern Ireland after 1 April 2013, the renewable obligation certificate value will be reduced to 0.9 ROCs per MWh, from the current level of one ROC per MWh. This reduction does not apply to onshore windfarms which are operational at that date, or become operational within a proposed grace period of six months, nor will it apply to windfarms less than 5MW.

As of 2011, the renewable obligation targets 5.5% of forecasted electricity generation to be sourced from renewable generators. The aim of this target is to create "guaranteed headroom" to ensure some scarcity of ROCs, which will provide greater certainty for renewable investors.

In addition to ROCs, eligible renewable generators are issued with Levy Exemption Certificates, or LECs, for each MWh of electricity produced. This scheme was introduced in 2001 as part of the Climate Change Levy scheme, or CCL. The CCL is a tax payable by non-domestic electricity users and is currently set at £4.41/MWh, but is changed annually in line with a UK inflation index. Electricity procured from renewable sources is exempt from the CCL; thus, there is an incentive for non-residential users to increase the proportion of electricity they source from renewable generators. Non-residential users can also buy LECs to satisfy their CCL obligations, instead of buying the actual electricity generated by renewables. LECs are not separable from the electricity generated and are sold by the generator to the supplier with which the electricity is contracted. The supplier can then trade the LECs with end users who wish to redeem them against the CCL.

Power NI Price Control Regulation

The NIAUR believes that currently there is not sufficient competition to allow the market to operate unregulated in Northern Ireland. Accordingly, although the RoI market has been fully deregulated since 1 April 2011, Northern Ireland's residential market is still subject to regulation. For example, Power NI is subject to price controls and must supply electricity at regulated tariffs. The tariffs are currently based on an Allowed Revenue Model, which allows Power NI to recover the regulators' forecast of its operating cost and residual depreciation plus a net margin.

The regulatory model has an incentive mechanism by which Power NI is allowed to retain savings achieved through efficiency for at least the period of the price control. If the amount of revenue recovered in any one year exceeds or falls short of the amount allowed by the relevant price control formula, a correction factor (K factor) operates in the following year that either requires a repayment of any surplus with interest or a recovery of any deficit with interest, as appropriate. A surplus is referred to as an over-recovery and a deficit as an under-recovery. In the formulation of its regulated tariffs, Power NI is allowed to pass through to customers all underlying wholesale charges.

Power NI is required to submit a forecast of all its input costs for each tariff review, which is then subject to review with the regulator. The main tariff year runs from October each year. Following completion of the review, the new tariffs would apply from 1 October with the possibility that they could be changed at the beginning of each quarter if actual costs and revenues do not stay within tolerance (*i.e.*, +/−2.5%).

In January 2012, Power NI accepted NIAUR's proposals for a two year price control which will come into effect on 1 April 2012.

The NAIUR has recently launched a consultation paper entitled "Regulatory Approach to Energy Supply Competition in Northern Ireland" which suggests that they are not anticipating significant deregulation of the Northern Ireland retail market during the next few years. For the moment, price controls remain in all customer categories, except for large customers consuming more than 150MWh per year.

SELECTED FINANCIAL AND OTHER INFORMATION

The selected historical consolidated financial information provided below has been derived from the Consolidated Financial Statements and the Interim Consolidated Financial Statements. The selected historical consolidated financial information is qualified in its entirety by reference to, and should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and the Interim Consolidated Financial Statements included elsewhere in this Offering Memorandum.

This Offering Memorandum also includes unaudited consolidated pro forma financial data which has been adjusted to reflect certain effects of the Offering, the Refinancing and related transactions on the financial position and financial results of Viridian as at and for the 12 months ended 31 December 2011. The unaudited consolidated pro forma financial data has been prepared for illustrative purposes only and does not purport to represent what Viridian's actual consolidated financial position or financial results would have been if such transactions had occurred on 1 January 2011 or 31 December 2011, nor does it purport to project Viridian's consolidated financial position at any future date. The unaudited pro forma adjustments and the unaudited pro forma financial data set forth in this Offering Memorandum are based on available information and certain assumptions and estimates that Viridian believes are reasonable and may differ materially from the actual adjusted amounts.

The financial information below includes certain non-GAAP measures used to evaluate Viridian's economic and financial performance. These measures are not identified as accounting measures under UK GAAP and therefore should not be considered as an alternative measure to evaluate the performance of the Group. See "Presentation of Financial Data and Non-GAAP Measures".

The financial information for the 12 months ended 31 December 2011 is unaudited and has been calculated by aggregating the results of operations data for Fiscal Year 2011 and First Nine Months 2012 and subtracting the results of operations data for First Nine Months 2011.

On 21 December 2010, Viridian disposed of its interest in NIE, the Northern Ireland electricity networks business, to ESBNI for total compensation (including the repayment of intragroup debt and the assumption of external debt) of approximately £1.2 billion. As part of the disposal, Viridian also disposed of certain associated companies of NIE, including Powerteam and Powerteam Electrical Services, which provide electrical construction and maintenance services. As a result, the Financial Statements present the results of the businesses which were sold to ESBNI as "discontinued operations" in the Group's profit and loss account and in certain notes to the Group's cash flow statement. To the extent practicable, the consolidated financial information extracted from the Financial Statements included elsewhere in this Offering Memorandum is presented on the basis of the continuing operations of the Group. However, certain line items from the Financial Statements cannot be divided between continuing and discontinued operations. Therefore, a full comparison of the results of the Group's continuing operations for Fiscal Year 2011 and Fiscal Year 2010, and for First Nine Months 2012 and First Nine Months 2011 is not possible. The selected historical consolidated financial information presented below focuses on the results of operations for the continuing operations of the Group.

	Fiscal Year Ended 31 March		First Nine Months Ended 31 December		12 Months Ended 31 December 2011
	2011	2010	2011	2010	
			(£ million)		
Selected Income Statement Data					
Turnover from continuing operations	1,808.2	1,823.3	1,291.1	1,315.5	1,783.8
Operating costs from continuing operations before exceptional items[1]	(1,711.5)	(1,725.7)	(1,241.2)	(1,247.9)	(1,704.8)
Operating profit from continuing operations before exceptional items and goodwill amortisation[1][2]	96.7	97.6	49.9	67.6	79.0
Add back adjustment for (over)/under-recovery[3]	(21.2)	5.4	16.9	(11.7)	7.4
Adjusted Operating Profit[4]	**75.5**	**103.0**	**66.8**	**55.9**	**86.4**
Add back of depreciation/amortisation	25.4	20.9	18.7	19.9	24.2
Adjusted EBITDA[4]	**100.9**	**123.9**	**85.5**	**75.8**	**110.6**
Exceptional costs from continuing operations[1]	(22.6)	—	(7.8)	(19.1)	(11.3)
(Loss)/Profit for the Financial Period before exceptional items	(25.8)	6.5	(14.9)	(34.5)	—[16]

	Fiscal Year Ended 31 March		First Nine Months Ended 31 December		12 Months Ended 31 December
	2011	2010	2011	2010	2011
			(£ million)		
Selected Cash Flow Data					
Cash flow from operating activities from continuing operations	121.0	103.6	36.4	103.5	53.9
Adjustment for exceptional items	19.5	—	9.4	3.5	25.4
Cash flow from operating activities from continuing operations before exceptional items	**140.5**	**103.6**	**45.8**	**107.0**	**79.3**
Changes in working capital from continuing operations	22.8	(13.0)	33.9	25.4	31.3
Changes in security deposits from continuing operations	(3.4)	—	(54.0)	(6.7)	(50.7)
Gross capital expenditure used in continuing operations[5]	(48.8)	(13.4)	(24.3)	(38.4)	(34.7)
Gross capital expenditure used in continuing operations (excluding capital expenditure on owned wind farm assets)	(14.5)	(5.4)	(7.7)	(10.9)	(11.3)
Purchase of and proceeds from sale of other intangibles	(3.1)	2.6	4.3	10.2	(9.0)
Cash flow effect of foreign exchange	0.9	1.6	(2.7)	1.5	(3.3)

	As at 31 March		As at 31 December	
	2011	2010	2011	2010
		(£ million)		
Selected Balance Sheet Data				
Total fixed assets	966.5	2,710.3	919.6	944.6
Total current assets	402.8	341.7	519.2	510.2
Creditors (amounts falling due within one year)	(1,180.7)	(893.0)	(1,299.1)	(1,268.4)
Net current (liabilities)	**(777.9)**	**(551.3)**	**(779.9)**	**(758.2)**
Total assets less current liabilities	188.6	2,159.0	139.7	186.4
Net assets excluding pension liability	125.1	313.1	65.2	130.8
Net assets	**124.3**	**219.0**	**63.2**	**129.5**

Segmental Information

	Fiscal Year Ended 31 March		First Nine Months Ended 31 December		12 Months Ended 31 December
	2011	2010	2011	2010	2011
			(£ million)		
Turnover from continuing operations by business segment					
VP&E	984.8	920.5	776.5	714.9	1,046.4
NIE Energy (based on regulated entitlement)	805.3	923.0	532.9	591.6	746.6
Other	—	0.1	—	—	—
Adjustment for over/(under)-recovery[3]	21.2	(5.4)	(16.9)	11.7	(7.4)
Intergroup elimination	(3.1)	(14.9)	(1.4)	(2.7)	(1.8)
Consolidated turnover from continuing operations	1,808.2	1,823.3	1,291.1	1,315.5	1,783.8
Adjusted Operating Profit—by business segment[1][2][3][4]					
VP&E[6]	53.6	79.4	49.0	38.6	64.0
NIE Energy[7]	25.0	27.0	19.3	18.8	25.5
Other[8]	(3.1)	(3.4)	(1.5)	(1.5)	(3.1)
Consolidated adjusted operating profit	75.5	103.0	66.8	55.9	86.4
Adjusted EBITDA—by business segment[1][2][3][4]					
VP&E[9]	79.0	99.9	67.7	58.5	88.2
NIE Energy[10]	25.0	27.0	19.3	18.8	25.5
Other[11]	(3.1)	(3.0)	(1.5)	(1.5)	(3.1)

Consolidated Adjusted EBITDA(1)(2)(3)(4)	100.9	123.9	85.5	75.8	110.6

	As at and for the 12 Months Ended 31 December 2011
	(£ million, other than ratios)
Other Unaudited Financial Information(12)	
Adjusted Restricted Group EBITDA(4)	108.8
Pro forma cash and cash equivalents(13)	21.3
Pro forma net secured debt(14)	397.3
Pro forma cash interest expense(15)	52.7
Ratio of Adjusted Restricted Group EBITDA to *pro forma* cash interest expense	2.1x
Ratio of *pro forma* net secured debt to Adjusted Restricted Group EBITDA	3.7x

Notes:

(1) Exceptional items from continuing operations of £7.8 million in First Nine Months 2012 relate to the Carbon Revenue Levy. Exceptional items from continuing operations of £19.1 million in First Nine Months 2011 include a pensions settlement charge of £12.2 million resulting from the disposal of NIE and a charge for the Carbon Revenue Levy of £6.9 million. Exceptional items from continuing operations of £22.6 million in Fiscal Year 2011 include the pension settlement charge of £12.2 million and a charge for the Carbon Revenue Levy of £10.4 million. These exceptional items are discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations". See note 4 to the Consolidated Financial Statements and note 3 to the Interim Consolidated Financial Statements for the calculation of operating costs from continuing operations before exceptional items.

(2) Goodwill amortisation primarily relates to the goodwill recognised under purchase accounting in connection with the acquisition by Arcapita of Viridian Group PLC in 2006, the subsequent acquisition of EWP in 2008 and the purchase of the joint venture holding of Huntstown Power Company Limited in 2000.

(3) Adjustment for over/under-recovery represents the amount by which Viridian's regulated businesses over- or under-recovered against their regulated entitlement, as further discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations".

(4) Adjusted Operating Profit refers to operating profit from continuing operations before exceptional items and goodwill amortisation, based on regulated entitlement (meaning after taking account of the adjustment for over/under-recovery described in note 3 above). Adjusted EBITDA refers to Adjusted Operating Profit before deducting depreciation and amortisation. See notes 1, 2 and 3 above for a discussion of exceptional items, goodwill amortisation and the adjustment made for over/under-recovery. Adjusted Restricted Group EBITDA refers to Adjusted EBITDA after deducting EBITDA contributed by Viridian's owned renewables assets and after excluding advisory fees paid to Arcapita. You should not consider Adjusted Operating Profit, Adjusted EBITDA or Adjusted Restricted Group EBITDA as alternatives to (a) operating profit from continuing operations (as determined in accordance with UK GAAP) as a measure of Viridian's operating performance, (b) cash flows from operating, investing and financing activities as a measure of its ability to meet its cash needs or (c) any other measures of performance or liquidity under UK GAAP. See "Presentation of Financial Data and Non-GAAP Measures". Management believes that Adjusted Operating Profit and Adjusted EBITDA are relevant measures for assessing Viridian's performance because they are adjusted for certain items which are non-recurring or which management believes are not indicative of Viridian's underlying operating performance. The following table has been provided in order to present a reconciliation of Adjusted Operating Profit and Adjusted EBITDA to operating profit from continuing operations:

	Fiscal Year Ended 31 March		First Nine Months Ended 31 December		12 Months Ended 31 December
	2011	2010	2011	2010	2011
			(£ million)		
Operating profit from continuing operations	**40.7**	**63.9**	**16.9**	**24.2**	**33.4**
Exceptional items from continuing operations	22.6	—	7.8	19.1	11.3
Goodwill amortisation from continuing operations	33.4	33.7	25.2	24.3	34.3
Operating profit from continuing operations before exceptional items and goodwill amortisation	96.7	97.6	49.9	67.6	79.0
Add back adjustment for (over)/under-recovery	(21.2)	5.4	16.9	(11.7)	7.4
Adjusted Operating Profit	**75.5**	**103.0**	**66.8**	**55.9**	**86.4**
Depreciation and amortisation	25.4	20.9	18.7	19.9	24.2
Adjusted EBITDA	**100.9**	**123.9**	**85.5**	**75.8**	**110.6**

Management also believes that Adjusted Restricted Group EBITDA is a relevant measure for bondholders because certain covenants contained in the Indenture are calculated on the basis of "Consolidated EBITDA", which will exclude earnings contributed by Viridian's owned renewables assets and advisory fees paid to

Arcapita. The following table has been provided in order to present a reconciliation of Adjusted Restricted Group EBITDA to operating profit from continuing operations:

	Fiscal Year Ended 31 March		First Nine Months Ended 31 December		12 Months Ended 31 December
	2011	2010	2011	2010	2011
			(£ million)		
Adjusted EBITDA	**100.9**	**123.9**	**85.5**	**75.8**	**110.6**
Adjustment for earnings contributed by Viridian's owned renewables assets	(2.2)	(1.6)	(3.8)	(1.2)	(4.8)
Adjustment for advisory fees paid to Arcapita	3.0	3.0	1.5	1.5	3.0
Adjusted Restricted Group EBITDA	**101.7**	**125.3**	**83.2**	**76.1**	**108.8**

(5) Gross capital expenditure includes purchase of tangible fixed assets and purchase of software. It includes capital expenditure in relation to Viridian's owned wind farm assets, which are separately financed by individual project finance facilities, each of which is secured by assets of the relevant wind farm. Capital expenditure on owned wind farm assets was £34.3 million and £8.0 million in Fiscal Year 2011 and Fiscal Year 2010, respectively, and £16.6 million and £27.5 million in First Nine Months 2012 and First Nine Months 2011, respectively.

(6) Adjusted Operating Profit for VP&E is the same as "Operating profit pre exceptional operating costs based on regulated entitlement" stated in note 3 to the Consolidated Financial Statements and note 2 to the Interim Consolidated Financial Statements of £53.6 million for Fiscal Year 2011, £79.4 million for Fiscal Year 2010, £49.0 million for First Nine Months 2012 and £38.6 million for First Nine Months 2011.

(7) Adjusted Operating Profit for NIE Energy is the same as "Operating profit pre exceptional operating costs based on regulated entitlement" stated in note 3 to the Consolidated Financial Statements and note 2 to the Interim Consolidated Financial Statements of £25.0 million for Fiscal Year 2011, £27.0 million for Fiscal Year 2010, £19.3 million for First Nine Months 2012 and £18.8 million for First Nine Months 2011.

(8) "Other" primarily comprises advisory fees paid to Arcapita, and is the same as 'Other' included within "Operating profit pre exceptional costs based on regulated entitlement" stated in note 3 to the Consolidated Financial Statements and note 2 to the Interim Consolidated Financial Statements of £3.1 million for Fiscal Year 2011, £3.4 million for Fiscal Year 2010, £1.5 million for First Nine Months 2012 and £1.5 million for First Nine Months 2011.

(9) Adjusted EBITDA for VP&E is the same as "Profit before depreciation, amortisation, exceptional items, interest and tax based on regulated entitlement" stated in note 3 to the Consolidated Financial Statements and note 2 to the Interim Consolidated Financial Statements of £79.0 million for Fiscal Year 2011, £99.9 million for Fiscal Year 2010, £67.7 million for First Nine Months 2012 and £58.5 million for First Nine Months 2011.

(10) Adjusted EBITDA for NIE Energy is the same as "Profit before depreciation, amortisation, exceptional items, interest and tax based on regulated entitlement" stated in note 3 to the Consolidated Financial Statements and note 2 to the Interim Consolidated Financial Statements of £25.0 million for Fiscal Year 2011, £27.0 million for Fiscal Year 2010, £19.3 million for First Nine Months 2012 and £18.8 million for First Nine Months 2011.

(11) "Other" primarily comprises advisory fees paid to Arcapita, and is the same as 'Other' included within "Profit before depreciation, amortisation, exceptional items, interest and tax based on regulated entitlement" stated in note 3 to the Consolidated Financial Statements and note 2 to the Interim Consolidated Financial Statements of £3.1 million for Fiscal Year 2011, £3.0 million for Fiscal Year 2010, £1.5 million for First Nine Months 2012 and £1.5 million for First Nine Months 2011.

(12) The unaudited *pro forma* financial information reflects the impact of the Refinancing which is described elsewhere herein. These figures are not intended to represent *pro forma* financial information prepared in accordance with the requirements of Regulation S-X promulgated under the U.S. Securities Act or other SEC requirements, UK GAAP.

(13) *Pro forma* cash and cash equivalents includes cash at bank and in hand as well as investments and is calculated by giving *pro forma* effect to the Refinancing and the application of the proceeds therefrom as set forth in "Use of Proceeds", as if each of those transactions had occurred on 31 December 2011.

(14) *Pro forma* net secured debt is defined as liabilities under the Notes less *pro forma* cash and cash equivalents. For purposes of calculating *pro forma* net secured debt, the principal amount of the €313 million Euro Notes has been translated at an exchange rate of €1.1942 per £1.00 (as reported by the Financial Times on 29 February 2012) and the $250 million Dollar Notes has been translated at an exchange rate of $1.5975 per £1.00 (the Bloomberg Composite Rate for dollars against pounds sterling on 29 February 2012). These exchange rates may differ from the exchange rates in effect as of the date each series of Notes is issued. The Revolving Credit Facility is expected to be partially drawn on and after the Escrow Release Date on a non-cash basis with respect to utilisations by way of LOCs in an aggregate nominal amount of approximately £120.0 million and on a cash basis with respect to the short-term bridging associated with the return of security deposits and any potential negative operating cash flows associated with seasonal working capital or regulatory under-recoveries in the period to closing.

(15) *Pro forma* cash interest expense is calculated based on Viridian's *pro forma* secured debt and includes interest on the Notes, margin on the LOCs outstanding under the Revolving Credit Facility on the Issue Date and the Escrow Release Date and commitment fees on undrawn amounts under the Revolving Credit Facility, but excludes amortisation of deferred financing costs. The pro forma interest expense on the Euro Notes has been converted into Pounds Sterling using an average exchange rate of €1.15 per £1.00 for the twelve months ended 31 December 2011. The exchange rate of the Euro to the Pound Sterling as reported by Bloomberg on 29 February 2012 was €1.1944 per £1.00. The pro forma interest expense on the Dollar Notes has been converted into pounds sterling using an average exchange rate of $1.60 per £1.00 for the twelve months ended 31 December 2011. The exchange rate of the U.S. Dollar to the Pound Sterling as reported by Bloomberg on 29 February 2012 was $1.5975 per £1.00.

(16) For the purposes of this document, Viridian has not calculated the (Loss)/Profit before exceptional items for the 12 months ended 31 December 2011.

Selected Operating Data

The summary operating data provided below presents certain operating data which Viridian uses to analyse its business.

	Fiscal Year Ended 31 March		First Nine Months Ended 31 December	
	2011	**2010**	**2011**	**2010**
Availability (%)				
Huntstown 1	91.8	98.6	91.1	89.2
Huntstown 2	93.0	91.1	95.0	93.4
Wind farms (direct investments)	95.6	92.6	97.4	95.5
Utilisation (%)				
Huntstown 1	76.4	94.7	61.3	80.3
Huntstown 2	86.8	94.8	78.1	86.7
Energia electricity sales (TWh)	5.9	5.8	4.2	4.4
Energia natural gas sales (million therms)	91	78	57	64
Power NI electricity sales (TWh)	4.1	4.6	2.6	3.0
Power NI customer sites	768,000	795,000	721,000	778,000
Residential	732,000	755,000	686,000	741,000
Non-residential	36,000	40,000	35,000	37,000
Wind farm operational PPA contracts period-end capacity (MW)	309	244	446	277
Wind farm operational PPA contracts average period capacity (MW)	283	209	393	267
Wind farm operational owned assets period-end capacity (MW)(1)	34	24	44	34
Wind farm operational owned assets average period capacity (MW)(1)	29	24	36	24
Employees(2)	359	324	364	350

Notes:

(1) As part of the Refinancing, Viridian is disposing of substantially all of its ownership interest in its portfolio of operating and in-construction wind farm assets. See “Summary—The Refinancing” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Sale of Viridian’s Portfolio of Operating and In-construction Wind Farm Assets”.

(2) Calculated as the number of employees from continuing operations employed at the end of each period presented.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations is based upon, and should be read in conjunction with, the Financial Statements, and the related notes thereto included elsewhere in this Offering Memorandum. The financial statements of Viridian are prepared in accordance with UK GAAP.

Except as the context otherwise indicates, when discussing historical results of operations in this "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Group" and "Viridian", are generally used to refer to the business of Viridian and its subsidiaries.

The following discussion also contains trend information and forward-looking statements. Actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this Offering Memorandum, particularly under "Forward-Looking Statements" and "Risk Factors".

Overview

Viridian is a leading vertically integrated electricity generation and supply utility, operating across Northern Ireland and the RoI. Viridian generates conventional electricity through its two CCGT electricity generation plants and sources renewable electricity through a portfolio of PPAs with third parties. Viridian also has a portfolio of owned wind farm assets which it plans to dispose of, although it intends to retain its existing PPAs relating to those assets and will also retain a pipeline of other renewables projects. Viridian intends to develop its pipeline of renewable projects, as this represents an important element of Viridian's strategy to maintain a leading position as a PPA provider. Viridian participates in the unregulated procurement and supply of electricity across Northern Ireland and the RoI and in the regulated procurement and supply of electricity in Northern Ireland. Viridian also supplies natural gas to business customers, principally in the RoI. Viridian operates through two main businesses, VP&E and NIE Energy.

VP&E

VP&E operates through the following business units:

- *Huntstown:* Huntstown is an independent electricity generator located in the RoI, which comprises two CCGT plants (Huntstown 1 and Huntstown 2) with a total combined generation capacity of 747MW, and which is able to supply approximately 11% of peak demand or approximately 32% of business demand on an all-island basis (based on estimated peak demand of approximately 7,000MW). Huntstown sells the electricity it generates into the all-island SEM pool.

- *Energia:* Energia is VP&E's unregulated retail supply business. Energia supplies electricity to business customers in Northern Ireland and the RoI almost entirely from the electricity it purchases from the SEM pool. Furthermore, Energia supplies natural gas to business customers, principally in the RoI. Additionally, as part of its hedging strategy, Energia undertakes wholesale electricity, natural gas and carbon procurement activities on behalf of VP&E. Energia employs commodity swaps to hedge VP&E's exposure to natural gas prices and forward physical purchase contracts to hedge VP&E's shortfall of CO_2 emission allowances, as well as CfDs to hedge its exposure to SMP volatility.

- *Renewables (PPA):* VP&E's Renewables (PPA) business purchases renewable electricity through long-term power purchase agreements, or PPAs, with third party wind farm operators, other generators of renewable energy and Viridian-owned wind farms. Electricity purchased from generators with capacity greater than 10MW is sold into the SEM, while electricity purchased from generators with capacity of less than 10MW may be sold directly to Energia.

- *Renewables (Owned Assets):* The Renewables (Owned Assets) business currently represents the direct investment by Viridian in seven operational wind farms and eight wind farms in construction or development across Ireland. Viridian's owned wind farms are subject to project finance arrangements on a ring-fenced basis, without recourse to the rest of the business. Viridian has entered into PPAs with all but one of these wind farms, which has a 5MW legacy contract with ESB. As part of the Refinancing, Viridian is effecting the Wind Farm Reorganisation. However, it will retain its existing PPAs with those assets and will also retain a pipeline of other renewables projects. Viridian intends to develop its pipeline of renewables projects, including the Northern Ireland development assets, which are expected to have a capacity of 12MWs, and the RoI development assets, which are expected to have a capacity of 68MWs, as this represents an important element of Viridian's strategy to maintain a leading position as a PPA provider.

See "Summary—The Refinancing" and "—Sale of Viridian's Portfolio of Operating and In-construction Wind Farm Assets".

In Fiscal Year 2011 and First Nine Months 2012, VP&E generated £984.8 million and £776.5 million in turnover, respectively, and £79.0 million and £67.7 million in Adjusted EBITDA, respectively. VP&E's turnover from continuing operations and Adjusted EBITDA for the 12 months ended 31 December 2011 were £1,046.4 million and £88.2 million, respectively.

NIE Energy

NIE Energy operates through two business units, Power NI and PPB.

- *Power NI:* Power NI is the regulated, incumbent electricity supplier for Northern Ireland. As of 31 December 2011, Power NI supplied electricity to approximately 721,000 homes and businesses and management estimates that, in the 12 months ended 30 September 2011, Power NI had a 92% share of the residential market and a 16% share of the business market by volume. Power NI purchases almost all of its wholesale electricity requirements from the SEM pool and hedges its exposure to SEM price volatility through a combination of CfDs with generators and tariffs partially or fully indexed to the SMP for certain larger customers. As a regulated business, Power NI is subject to price control, which permits it to recover an allowance calculated by reference to its forecasted operating costs at the time of the relevant price control, plus an allowed margin based on a percentage of forecasted regulated turnover.

- *PPB:* PPB administers and manages a portfolio of power purchase agreements, or PPAs. Its primary role is to administer the contracted generation capacity from three power stations in Northern Ireland (Ballylumford, Kilroot and Coolkeeragh) under legacy generating unit agreements, or GUAs, which were established in 1992 when the Northern Ireland electricity industry was restructured, and sells this wholesale electricity into the SEM pool. As of 31 December 2011, PPB held contracts for 1,012MW of generating capacity. Like Power NI, PPB is subject to price control, which entitles it to an allowance (effectively a management fee) for the administration and management of its portfolio of PPAs. PPB hedges its exposure to commodity price fluctuations with respect to its generation contracts with commodity swaps and forward purchase contracts, as well as CfDs to hedge its exposure to SMP volatility.

In Fiscal Year 2011 and First Nine Months 2012, based on regulated entitlement, NIE Energy generated £805.3 million and £532.9 million in turnover, respectively, and £25.0 million and £19.3 million in Adjusted EBITDA, respectively. For the 12 months ended 31 December 2011, based on regulated entitlement, NIE Energy generated £746.6 million in turnover and £25.5 million in Adjusted EBITDA, respectively.

Contribution from Viridian's Owned Wind Farms

Over the period under review, Viridian's owned wind farms were funded by non-recourse project finance facilities which restricted their ability to contribute cash to other members of the Group. Accordingly, Viridian only benefited from the cash flow generated by these wind farms to the extent that the relevant subsidiaries holding such wind farms distributed dividends. The ability of the relevant subsidiaries to pay dividends or other distributions to VPEHL, as a shareholder, was restricted under the finance documents relating to Viridian's euro-denominated project finance facility available to fund its RoI operational and in-construction wind farm assets (referred to herein as the "Euro Facility"). Similar restrictions existed under Viridian's sterling denominated project finance facility (referred to herein as the "Sterling Facility"), which was available to fund its Northern Ireland wind farm assets in construction, and restricted the payment of dividends to VRL, a subsidiary of VPEHL. No such dividends were distributed in Fiscal Year 2010 or Fiscal Year 2011, and none are expected to be distributed in Fiscal Year 2012. As previously discussed, Viridian is disposing of substantially all of its ownership interest in its portfolio of operating and in-construction wind farm assets. See "Summary—The Refinancing" and "—Sale of Viridian's Portfolio of Operating and In-construction Wind Farm Assets".

Recent Disposals

On 21 December 2010, Viridian disposed of its interest in NIE, the Northern Ireland electricity networks business, to ESBNI for total compensation (including the repayment of intragroup debt and the assumption of external debt) of approximately £1.2 billion. As part of the disposal, Viridian also disposed of certain associated companies of NIE, including Powerteam and Powerteam Electrical Services, which provide electrical construction and maintenance services. As a result, the Financial Statements present the results of the businesses which were sold to ESBNI as "discontinued operations" in the Group's profit and loss account and in certain notes to the Group's cash flow statement. To the extent practicable, the Financial Statements discussed in this Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as included elsewhere in this Offering Memorandum, are presented on the basis of the continuing operations of the Group. However, certain line items from the Financial Statements cannot be divided between continuing and discontinued operations. Therefore, a full comparison of the results of the Group's continuing operations for Fiscal Year 2011 and Fiscal Year 2010 and for First Nine Months 2012 and First Nine Months 2011 is not possible. The discussion below focuses on the results of operations for the continuing operations of the Group.

In addition, Viridian agreed to certain transitional service arrangements with NIE for varying durations following the completion of the disposal. Under the terms of these arrangements, NIE has agreed to continue to provide certain systems-related services to Viridian until December 2012, including IT-related services, application hosting services, disaster recovery and business continuity services, telecommunications services and certain other administrative services which Viridian relies upon for the uninterrupted operation of its business. Following the transitional period for each service, Viridian will no longer be able to rely on NIE for the provision of these services, and will need to perform them on its own or outsource them to one or more third parties. Viridian is currently working to find solutions to replace these services.

Sale of Viridian's Portfolio of Operating and In-construction Wind Farm Assets

As part of the Refinancing, Viridian is effecting the Wind Farm Reorganisation. The proceeds raised from the ultimate sale of Viridian's portfolio of currently operational and in-construction wind farm assets (held as of the Escrow Release Date by WindCo) will be used to repay the Bridge Loan. Excess proceeds will be used to repay junior debt. Taken together, the Project Finance Subsidiaries holding these assets generated 4.4% of the Group's Adjusted EBITDA during the 12 months ended 31 December 2011 and held 9.6% of the Group's gross assets as of 31 December 2011.

The disposal is expected to be unconditional. Viridian will retain no benefit from, nor construction risk associated with, the disposed assets, and any claims against such assets in the future are expected to be non-recourse to Viridian. See "Summary—The Refinancing—Sale of Wind Farm Assets". Viridian intends to retain its existing PPAs with those assets and will also retain a pipeline of other renewables projects. Viridian intends to develop its pipeline of renewables projects, including the Northern Ireland development assets, which are expected to have a capacity of 12MWs, and the RoI development assets, which are expected to have a capacity of 68MWs, as this represents an important element of Viridian's strategy to maintain a leading position as a PPA provider.

On the Escrow Release Date, £63.6 million from the proceeds of the Offering, together with an additional £14.7 million equity contribution from Arcapita and £9.0 million of cash and cash equivalents held outside the Viridian Group, will be used to repay a portion of the Participation Loan outstanding under the Participation Agreement. The remaining balance will effectively be converted into the Bridge Loan in favour of WindCo. The Bridge Loan will be secured by, inter alia, a limited-recourse share pledge over WindCo's ordinary shares, as well as other security relating to Viridian's in-construction and operational wind farm assets. See "Summary—The Refinancing".

While Viridian's development pipeline is not part of the proposed ultimate third party disposal of operational and in-construction wind farm assets, Viridian may hold discussions with interested parties regarding a potential sale of wind farm assets in the development pipeline as and when such assets become operational.

Non-GAAP Financial Measures

The financial information included in this Offering Memorandum includes certain measures that are not accounting measures within the scope of UK GAAP, which Viridian uses to assess the financial performance of its businesses, including Adjusted Operating Profit, Adjusted EBITDA and Adjusted Restricted Group EBITDA. Adjusted Operating Profit refers to operating profit from continuing operations before goodwill amortisation and exceptional items based on regulated entitlement, and is therefore subject to an adjustment for over/under-recovery representing the amount by which Viridian's regulated businesses over- or under-recovered against their regulated entitlement. The exceptional items excluded from this measure include the pension settlement charge resulting from the sale of NIE, the Carbon Revenue Levy, each of which are discussed elsewhere herein. Adjusted EBITDA refers to Adjusted Operating Profit before deducting depreciation and amortisation. Adjusted Restricted Group EBITDA refers to Adjusted EBITDA after applying adjustments to eliminate the EBITDA of Viridian's owned renewables assets and to exclude advisory fees paid to Arcapita. Management believes that Adjusted Operating Profit, Adjusted EBITDA and Adjusted Restricted Group EBITDA are relevant measures for assessing Viridian's performance because they are adjusted for certain items which are non-recurring or which management believes are not indicative of Viridian's underlying operating performance. For example, the pension settlement charge results from the sale of NIE and the Carbon Revenue Levy was implemented on 1 July 2010 and is scheduled to run until 31 December 2012. Management believes that the adjustment for over/under-recovery, which is presented in note 3 to the Consolidated Financial Statements, better presents the financial performance of Viridian's regulated businesses, which would otherwise be distorted by the timing impact of Viridian's payments to, or collection from, customers and suppliers in relation to over- or under-recovery in respect of NIE Energy's regulated entitlement. Management believes that Adjusted Restricted Group EBITDA is a relevant measure for bondholders because certain covenants contained in the Indenture will be calculated on the basis of

"Consolidated EBITDA", which will exclude earnings contributed by Viridian's owned renewables assets and expenses associated with advisory fees paid to Arcapita. See "Description of the Notes—Certain Definitions".

Factors Affecting Results of Operations

Viridian's operating results are affected by a combination of economic, regulatory, industry- and company-specific factors. Economic conditions influence electricity demand and the pricing of fuel commodities and electricity, which impact both the revenues and costs associated with Viridian's operations. The regulatory framework determines the parameters within which the industry, generally, and Viridian, specifically, operates. Industry-specific factors include technology, competition, capacity and supply/demand balance. Company-specific factors that impact Viridian's operating results include, but are not limited to, plant reliability and efficiency, management of fixed and variable operating costs, capital expenditure requirements, management of working capital, customer retention, collection of receivables and bad debts, and the extent to which Viridian has hedged its exposure to the SMP and commodity prices. The most important factors are discussed below.

Demand

Demand for electricity in Ireland is a key driver of Viridian's turnover and affects price levels for wholesale generation and both volumes and margins for electricity supplied to customers. Demand for energy, including electricity, has historically been correlated to GDP and the wider macroeconomic climate. However, while there has been a small growth in GDP over the course of calendar year 2011, the Generation Capacity Statement 2012–2021 shows that demand for electricity has decreased by 2% over the same time period.

The recent economic slowdown has led to a dampening of electricity demand, with 2011 witnessing a fall of 2.0% in the RoI and zero growth in Northern Ireland. On the back of the expected economic recovery, EirGrid and SONI have forecasted electricity demand to return to 2008 peak levels by 2014 based on median case forecasts. EirGrid and SONI have forecast annual all island electricity demand to grow by between 0.9% and 1.8% from 2012 through 2022.

Capacity and availability

Viridian receives a significant proportion of its revenue from wholesale generation sales and capacity payments. Revenues are impacted by generation volumes and availability of generation capacity through: (i) payments for generating and/or being scheduled to generate electricity which are earned when Viridian's generation facilities are scheduled and/or dispatched by the system operator to generate electricity and (ii) capacity payments, which are a function of a plant's capacity and its availability to generate electricity. Whether a plant is scheduled is a function of its position in the SEM merit order. See "Industry Overview—Supply-demand Balance—The merit order".

Capacity payments

The CPM was established by the NIAUR and the CER with the objective to ensure the adequate supply of electricity by encouraging the construction and maintenance of electricity generating capacity and by promoting efficient long-term price signalling and price stability.

Capacity payments are paid to generators for making capacity available to the market. The capacity payments are funded by payments made by suppliers in the market, the total amount of which is calculated annually by the regulatory authorities (the CER and the NIAUR) based on the annual fixed cost of building and financing a new peaking plant. In calculating this amount, the regulatory authorities analyse, among other things, the market rate for costs associated with generating capacity, such as fuel costs, finance costs, gas, water and electrical connections, insurance, gas transmission charges, and operation and maintenance costs. Viridian receives capacity payments when it makes its Huntstown CCGT plants available to generate electricity. In addition, the Renewables (PPA) business receives payments when wind farms under contract with Energia generate electricity. A change in Viridian's plants' availability (including wind farms under contract with Energia) or a change in the CPM would impact Viridian's revenues. For a further discussion of the calculation of the CPM, see "Industry Overview—Regulation—Capacity Payment Mechanism (CPM)".

In Fiscal Year 2011, energy revenues (primarily SMP) and the CPM represented 84.3% and 14.6% of Huntstown's total turnover, respectively, compared to 79.4% and 19.3% in Fiscal Year 2010, respectively.

Availability of assets

Availability is impacted by planned and unplanned outages due to maintenance, inspections or other safety-related incidents. Planned outages are expected to occur in the medium term for scheduled maintenance.

The following table provides a summary of availability at Huntstown 1 and 2 for Fiscal Years 2011 and 2010 and First Nine Months 2012 and 2011.

	Fiscal Year		First Nine Months	
	2011	2010	2012	2011
Availability (%)				
Huntstown 1	91.8	98.6	91.1	89.2
Huntstown 2	93.0	91.1	95.0	93.4
Wind farms (direct investments)	95.6	92.6	97.4	95.5

Management believes Huntstown 1 and 2 have historically been among the most reliable CCGT plants in Ireland. Between 2002 and 2010, Huntstown 1 had an average availability of 94% and between 2007 and 2010 Huntstown 2 had an average availability of 95%. In Fiscal Year 2011, Huntstown 1's availability (including planned and unplanned outages) was 91.8%, compared to 98.6% in Fiscal Year 2010, reflecting a 28.5-day major planned outage in Fiscal Year 2011 compared to five outage days in Fiscal Year 2010. In First Nine Months 2012, Huntstown 1's availability (including planned and unplanned outages) was 91.1%, compared to 89.2% in First Nine Months 2011, reflecting a six-day planned outage in First Nine Months 2012. This planned outage was subsequently extended by a further 18 days in order to repair damage caused by the failure of a combustion chamber heat shield. In First Nine Months 2011, Huntstown 1 had 28.5 planned outage days, which accounted for its lower availability over that period. In Fiscal Year 2011, Huntstown 2's availability was 93.0%, compared to 91.1% in Fiscal Year 2010, reflecting a planned 12-day combustion inspection outage in April 2010 and the commencement of a planned 20-day turbine inspection outage on 26 March 2011 (after which the plant returned to service on 15 April 2011). In First Nine Months 2012, Huntstown 2's availability was 95.0%, compared to 93.4% in First Nine Months 2011, reflecting the planned 20-day turbine inspection outage, which was successfully completed on 15 April 2011. While these outages were largely within Viridian's planned guidelines, they nonetheless had an impact on Viridian's results for the periods in which they occurred. Management expects availability going forward to remain high, taking into account scheduled outage time and an estimated 3% allowance for unplanned outage time based on historical data.

Renewables

Against the background of a binding EU agreement that 20% of EU energy consumption would come from renewable sources by 2020, the UK and RoI governments have both set out targets for increasing the proportion of electricity that these countries will source from renewables. The UK government has set out a target of sourcing 10% of electricity from renewable sources by 2010, and 31% by 2020. However, the RoI and Northern Ireland governments have gone further and have established a target of sourcing 40% of electricity from renewable sources by 2020. To help achieve their targets, the RoI and UK governments have respectively introduced the REFIT and Renewables Obligation schemes to subsidise investment in renewable technologies. See "Industry Overview".

Viridian supplements its thermal generation with a portfolio of renewable assets through PPAs and, historically, Viridian-owned wind farms. Viridian has entered into PPAs with developers under which it is required to purchase the long-term output of a number of wind farm projects and of other types of renewable generators. The table below sets out the wind farm capacity under Viridian's current PPAs as of 31 December 2011:

	Operating	Under construction	In development	Total
		(in MW)		
Northern Ireland	119	50	94	263
RoI	327	83	155	565
Total	**446**	**133**	**249**	**828**

As of 31 December 2011, VP&E had PPAs in place with 446MW of renewables capacity comprising third party wind farm operators in respect of 403MW of capacity, third party operators from other renewable sources in respect of 4MW of capacity and VP&E-owned wind farms in respect of 39MW of capacity. In addition, VP&E had PPAs in place with wind farms in development and/or construction in respect of 428MW of capacity. Renewable wind farms are treated as baseload plants in the SEM since their marginal cost to increase production is close to zero, and they receive both capacity payments and the SMP whenever electricity is generated.

Viridian currently owns wind farm assets with the following generation capacity:

	Operating	Under construction	In development	Total
		(in MW)		
Northern Ireland	—	50	12	62

RoI	44	9	68	121
Total	**44**	**59**	**80**	**183**

Viridian plans to have completed construction on wind farms with a total output of 183MW by 31 March 2014. In connection with the Refinancing, Viridian is disposing of substantially all of its ownership interest in its seven operating and three in-construction wind farm assets. However, it will retain its existing PPAs with those assets. Viridian also intends to develop its pipeline of renewables projects, including the Northern Ireland development assets, which are expected to have a capacity of 12MWs, and the RoI development assets, which are expected to have a capacity of 68MWs, as this represents an important element of Viridian's strategy to maintain a leading position as a PPA provider. See "Summary—The Refinancing" and "—Sale of Viridian's Portfolio of Operating and In-construction Wind Farm Assets".

Utilisation and wholesale prices

The level of plant utilisation is primarily dependent on the plant's availability and position in the merit order. The merit order ranks available sources of power in ascending order of their short-run marginal cost of production (*i.e.*, the least expensive sources of electricity generation are ranked first in the merit order).

In the all-island system, the position of a generator in the merit order is determined by the generator's cost of electricity generation relative to the cost of other generators in the SEM. Each day, generators submit bids for the following day's generation capacity. These bids include start-up costs and a set of prices for different levels of output. The marginal costs of the last plant in the merit order that is required to meet demand generally determines the SMP. Therefore, a generator with a lower marginal cost of generation than the last plant in the merit order that is required to meet demand will benefit from a greater margin between the SMP and its short-run marginal cost. Generating units with a low marginal cost of production (*e.g.*, wind) are the first units dispatched (referred to as baseload plants) and the units with the highest marginal cost are the last (referred to as peaking plants).

Huntstown's position in the merit order is a driver of profits because it determines the extent to which electricity will be sourced from Huntstown. This, in turn determines the extent to which Huntstown receives the SMP (the price at which all generators sell their electricity in the SEM) and incurs short-run marginal costs (which comprise variable natural gas costs and the cost of carbon credits, as well as other costs such as start-up costs).

The majority of demand is currently met by coal and gas-fired generators, such as Huntstown 1 and Huntstown 2, whose ranking in the merit order fluctuates depending on the relative coal-to-gas price differentials and carbon prices. Last in the merit order are generation units such as oil-fired turbines, which are mainly used as peaking plants with typically the highest marginal costs.

Huntstown is reliant upon the continued provision of imported natural gas in terms of both capacity and commodity price risk, although the plants can switch to less efficient distillate oil, if necessary. However, their merit order position may also be affected by the commissioning of new more efficient power plants that can generate electricity at a lower marginal cost than Huntstown 1 or Huntstown 2, such as the Aghada and Whitegate CCGT plants which were commissioned in April 2010 and November 2010, respectively, and increased wind capacity. In First Nine Months 2012, average utilisation was 71% for the Huntstown plants compared with 82% in Fiscal Year 2011 and 95% in Fiscal Year 2010. This decrease was mainly due to the reduction in the price of carbon. See "Business—Viridian's Business Units—VP&E—Huntstown—Operational performance of Huntstown 1 and Huntstown 2".

The Generation Capacity Statement 2012–2021 produced by EirGrid and SONI includes an Endesa 459MW CCGT plant (albeit with firm access limited to 216MW) from 2013. Since the publication of the Generation Capacity Statement 2012–2021, management understands that Endesa are in the process of selling their Irish interests. If the sale commences, it is unknown if this project will go ahead under new owners. The commissioning of new renewable generation plants during that time is likely to impact the Huntstown plant's position in the merit order. According to the Generation Capacity Statement 2012–2021, an installed capacity of 1,805MW from wind farm projects on an all-island basis is expected to come online in the period between 1 January 2012 and 31 December 2016. The 500MW East-West Interconnector, to be completed by EirGrid in 2013, will further increase competition in the RoI generation market.

Regulation

Renewables

Renewable energy continues to be a key priority for both the RoI and Northern Ireland governments with current targets for renewable energy to reach 40% of total energy consumption by 2020. To achieve these targets, the two governments are providing mechanisms to support investment in renewable sources, which are discussed in detail in "Industry Overview—Renewable Support Mechanisms".

A change in renewable support mechanisms in either RoI or Northern Ireland could have an impact on Viridian's profitability. In addition, if the ROC support mechanism is replaced in Great Britain, this could affect the value of ROCs in Northern Ireland if they remain the method of renewable support in that jurisdiction, which could also influence Viridian's profitability. Projects still to be approved would be affected by any such changes in renewable support mechanisms. However, any such changes will not affect existing projects as the RoI and Northern Ireland governments have agreed to grandfather the support mechanism relating to existing projects following any changes to the respective schemes in which they operate, although there has been no formal guarantee from the Northern Ireland and RoI governments to continue grandfathering these rights in the future.

Review of capacity payments

On 15 November 2011, the Commission for Energy Regulation and Utility Regulator published its draft decision paper on the medium term review of the CPM following consultation with key stakeholders. The paper discusses potential changes to the CPM with a view of further enhancing the reliability and adequacy of the SEM while maintaining price stability and minimising cost to the end consumer.

Key areas that will be reformed are:

- Forced Outage Probability ("FOP")—this will be increased, meaning more generation is required to meet the security requirement;
- Infra Marginal Rent ("IMR") deduction—the deduction of IMR from BNE fixed costs ensures that generators are not over compensated. The revised calculation will now take into account the FOP; and
- Calculation of the BNE—the parameters for the BNE calculation will be fixed for 3 years with the only annual changes being capacity requirements and indexation of costs. This will lead to increased stability of capacity payments and revenue certainty to generators.

The review was primarily driven by the growth in intermittent wind generation and the relatively large number of old, inflexible and unreliable oil-fired steam units in the RoI system.

Northern Ireland supply regulation

While the RoI electricity market is fully deregulated, in Northern Ireland, Power NI customers consuming less than 150MWh per year remain subject to a regulated tariff. The plans for further deregulation are currently under review. However, Viridian is unable to accurately predict the structure of future market regulation and further deregulation could impact the market share of Viridian.

Price Control

The NIAUR believes that currently there is not sufficient competition to allow the market to operate unregulated in Northern Ireland. Accordingly, although the RoI market has been fully deregulated since 4 April 2011, Northern Ireland's residential market is still subject to regulation. For example, Power NI is subject to price control and must supply electricity at regulated tariffs set by the NIAUR. The tariffs are currently based on an Allowed Revenue Model, which allows Power NI to recover an allowance calculated by reference to its forecasted operating cost at the time of the relevant price control and residual depreciation plus a net margin. The regulatory model has an incentive mechanism by which Power NI is allowed to retain savings achieved through efficiencies for at least the period of the price control.

If the amount of revenue recovered in any one year exceeds or falls short of the amount allowed by the relevant price control formula, a correction factor (K factor) operates in the following year that either requires a repayment of any surplus with interest or a recovery of any deficit with interest, as appropriate. A surplus is referred to as an over-recovery and a deficit as an under-recovery. In the formulation of its regulated tariffs, Power NI is allowed to pass through to customers all underlying wholesale costs.

Power NI is required to submit a forecast of all its input costs for each tariff review, which is then subject to agreement with the regulator. The main tariff year runs from October each year. Once agreed, the new tariffs would apply from 1 October with the possibility that they may be changed at the beginning of each quarter if actual costs and revenues do not stay within a level of tolerance to the tariff (*i.e.*, +/-2.5%).

In January 2012, Power NI accepted NIAUR's proposals for a two year price control which will come into effect on 1 April 2012.

The NIAUR has recently launched a consultation paper entitled "Regulatory Approach to Energy Supply Competition in Northern Ireland" which suggests that they are not anticipating significant deregulation of the Northern Ireland retail market during the next few years. For the moment, price controls remain in all customer categories, except for large customers consuming more than 150MWh per year.

The Carbon Revenue Levy

The Carbon Revenue Levy is a levy imposed by Section 40E of the Electricity Regulation Act 1999, inserted by Section 3 of the RoI Electricity Regulation (Amendment) (Carbon Revenue Levy) Act of 2010, which generally requires electricity generators to pay to the CER a levy on such amount of the revenues received during the levy period by the generator concerned, through participation in the SEM, as is attributable to the emissions from each installation operated by it. In summary, the amount of the levy is to be calculated according to a formula which involves multiplying the total applicable emissions from the relevant generators during the relevant period by the average daily price for carbon allowances for that period. The amount resulting from this formula is then multiplied by 65% so as to produce a final amount due by the generator. The Carbon Revenue Levy was implemented in Fiscal Year 2011, and is expected to expire on 31 December 2012. The Carbon Revenue Levy is not permitted to be passed through into the wholesale electricity price. The impact of the Carbon Revenue Levy on Viridian was an exceptional charge of £10.4 million in Fiscal Year 2011, £7.8 million in First Nine Months 2012 and £6.9 million in First Nine Months 2011.

Customers

The profitability and cash generation of retail supply are driven by the ability to pass wholesale prices to end customers together with retail margin, the collection of receivables and the minimisation of bad debts. The ability to pass wholesale prices to end customers is affected by the level of competition and regulation.

Regulated businesses, such as Power NI, are entitled to recover their operating costs and make a regulated margin. As this margin is fairly low, it restricts competition in the regulated marketplace, but it also places a limit on the regulated business's profitability.

Unregulated supply businesses may be significantly more exposed to competition, and their ability to recover their operating costs depends on the level of competition. There is limited liquidity in the market for CfDs related to SMP, which means that supply businesses may be exposed to cost premiums for such CfDs and may be required to resort to less effective hedging arrangements or risk exposure to increases in operating costs which they may not be able to recover in the market. However, supply businesses backed by physical generation capacity within the SEM, such as Energia which is backed by Huntstown and its owned and contractual wind farms, are protected against such cost premiums as they benefit from a natural hedge to the extent of the overlap between generation and supply volumes. Although Energia substantially hedges any mismatch, mainly through CfDs, it is exposed to movements in the wholesale price when the hedges expire and to the extent of any unhedged or imperfectly hedged volume.

Bad debts can have a material impact on cash flows, especially during recessionary periods. Historically, Viridian has been successful at minimising bad debt levels, with a Fiscal Year 2011 bad debt to turnover ratio of less than 0.5%. This was achieved through proactive credit management, including a focus on creditworthiness at the time of customer acquisition, and the use of pre-pay keypads and direct debit payment plans. In Fiscal Year 2011, approximately 23% of Power NI's customers (by value) utilised pre-pay keypads and approximately 70% of Energia's customers (by value) and approximately 41% of Power NI's customers (by value) paid using a direct debit payment plan. In addition, Viridian further reduces the risk of defaulting customers by using credit insurance in respect of certain larger customers.

Seasonality

Viridian's business is subject to seasonal variations, which normally impact levels of demand for electricity and natural gas, with demand typically trending higher during the winter months and lower during the summer months. Because variations in demand from season to season are largely offset by counterbalancing movements in natural gas costs, seasonality does not tend to have a significant impact on Viridian's profitability from period to period. However, changes in demand and prices caused by seasonal variations can have an impact on Viridian's working capital over the course of the year, with working capital typically increasing during the winter months when demand and prices are high, and decreasing during the summer months. Seasonality also influences the volume of electricity Viridian generates from wind farms, with less wind-generated electricity during the summer months.

Results of Operations

Results of operations for First Nine Months 2012 compared to First Nine Months 2011

Turnover from continuing operations

The following table shows the turnover from continuing operations of VP&E and NIE Energy for First Nine Months 2012 and First Nine Months 2011.

	First Nine Months	
	2012	2011
	(£ million)	
VP&E	776.5	714.9
NIE Energy (based on regulated entitlement)	532.9	591.6
Adjustment for (under)/over recovery	(16.9)	11.7
Intra-group elimination	(1.4)	(2.7)
Total turnover from continuing operations	1,291.1	1,315.5

Turnover from continuing operations decreased to £1,291.1 million in First Nine Months 2012 from £1,315.5 million in First Nine Months 2011. This decrease primarily resulted from a decrease in turnover from continuing operations at NIE Energy, which was offset by an increase in turnover from continuing operations at VP&E.

Turnover from continuing operations at VP&E increased to £776.5 million in First Nine Months 2012 from £714.9 million in First Nine Months 2011, primarily due to higher wholesale electricity and gas prices, increased Huntstown 1 and 2 plant revenues associated with higher availability, increased revenues generated by the Renewables (PPA) business reflecting the commissioning of new capacity during the period. These increases were partially offset by lower Energia electricity and retail gas sales volumes and lower Huntstown 1 and 2 plant utilisations as a result of new capacity in the SEM pool, caused by the commissioning of the 445MW Whitegate CCGT plant by BGE in November 2010, the coal/gas price switch in the last quarter of calendar year 2011 and increased wind capacity in the market.

Turnover from continuing operations at NIE Energy based on regulated entitlement decreased to £532.9 million in First Nine Months 2012 from £591.6 million in First Nine Months 2011, reflecting a reduction in turnover at both PPB and Power NI, as discussed below.

Turnover from continuing operations at Power NI based on regulated entitlement decreased to £375.7 million in First Nine Months 2012 from £391.9 million in First Nine Months 2011, primarily due to lower consumption per customer, the reduction in the number of residential customers from 741,000 in First Nine Months 2011 to 686,000 in First Nine Months 2012, caused by Airtricity entering the Northern Ireland residential market in 2010 and Budget Energy in 2011 (representing a market share decrease as estimated by management from 98% in First Nine Months 2011 to 92% in First Nine Months 2012), and the reduction in business customers, which declined from approximately 37,000 in First Nine Months 2011 to approximately 35,000 in First Nine Months 2012 (representing a market share decrease in the business segment by GWh sales as estimated by management from approximately 19% in First Nine Months 2011 to approximately 16% in First Nine Months 2012).

Turnover from continuing operations at PPB based on regulated entitlement decreased to £157.2 million in First Nine Months 2012 from £201.1 million in First Nine Months 2011 due to a reduction in capacity payment revenues and electricity sales revenues due to the cancellation by the NIAUR of 520MW of capacity at Kilroot from 1 November 2010, which reduced PPB's contracted generation capacity from 1,532MW to 1,012MW.

As discussed in "—Factors Affecting Results of Operations—Regulation—Price Control", Power NI and PPB are subject to price controls, defined in formulae set out in NIE Energy's licence, which limit the revenues they may earn and the prices they may charge. If the amount of revenue recovered in any one year exceeds or falls short of the amount allowed by the relevant price control formula, a correction factor operates in the following year to return any surplus with interest, or to recover any deficit with interest, as appropriate. A surplus is referred to as an over-recovery and a deficit as an under-recovery. See note 2 to the Interim Consolidated Financial Statements.

In First Nine Months 2012, Viridian's regulated businesses under-recovered against their regulated entitlement by £16.9 million, and, in First Nine Months 2011, they over-recovered against their regulated entitlement by £11.7 million. As of 31 December 2011, the cumulative under-recovery against regulated entitlement was £15.3 million.

Operating costs from continuing operations before exceptional items and goodwill amortisation

Operating costs from continuing operations before exceptional items and goodwill amortisation decreased to £1,241.2 million in First Nine Months 2012 from £1,247.9 million in First Nine Months 2011 for the reasons discussed below. Operating costs from continuing operations before exceptional items include energy costs, employee costs, depreciation and amortisation and other operating charges.

Energy costs include the cost of wholesale energy purchases from the SEM pool, capacity payments made to the SEM, the cost of natural gas and fixed natural gas capacity costs for the Huntstown plants, emissions costs, use of system charges and costs for third party renewable PPAs. Energy costs decreased to £1,156.0 million in First Nine Months 2012, from £1,168.2 million in First Nine Months 2011, primarily as a result of lower utilisations at Huntstown 1 and Huntstown 2, lower sales volumes at Power NI and Energia and the cancellation of the Kilroot contract with PPB in November 2010. These were partially offset by higher natural gas and wholesale electricity prices in the market and higher Renewables PPA costs associated with the commissioning of new capacity.

Employee costs from continuing operations include salaries, social security costs and pension costs. Employee costs increased to £14.8 million in First Nine Months 2012 from £12.9 million in First Nine Months 2011, primarily due to an increase in headcount as a result of in-sourcing staff.

Depreciation and amortisation decreased to £18.7 million in First Nine Months 2012 from £19.9 million in First Nine Months 2011, primarily due to the accelerated depreciation on disposed fixed assets at Huntstown in First Nine Months 2011.

Other operating charges include costs such as operating and maintenance costs, insurance, local business taxes, consultancy, marketing, licence fees and IT services. Other operating charges increased to £51.7 million in First Nine Months 2012 from £46.9 million in First Nine Months 2011, primarily due to higher IT project and marketing and advertising costs for Power NI, partially offset by lower planned outage days in First Nine Months 2012 resulting in lower operating and maintenance costs, together with lower insurance and consultancy costs and more favourable business tax rates for Huntstown.

Operating Profit from continuing operations before exceptional items and goodwill amortisation

Operating Profit from continuing operations before exceptional items and goodwill amortisation decreased to £49.9 million in First Nine Months 2012 from £67.6 million in First Nine Months 2011. This decrease was partly attributable to the decrease in turnover, partially offset by a decrease in operating costs as discussed above under "—Turnover from continuing operations" and "—Operating costs from continuing operations before exceptional items and goodwill amortisation", respectively. In addition, this decrease was significantly impacted by an under-recovery in respect of regulated entitlement in the amount of £16.9 million in First Nine Months 2012, compared to an over-recovery of £11.7 million in First Nine Months 2011. The under/(over) recovery of regulated entitlement reflects the phasing of tariffs for Power NI and PPB.

Adjusted Operating Profit

The following table shows the Adjusted Operating Profit of VP&E and NIE Energy for First Nine Months 2012 and First Nine Months 2011.

	First Nine Months	
	2012	2011
	(£ million)	
VP&E	49.0	38.6
NIE Energy	19.3	18.8
Other[(1)]	(1.5)	(1.5)
Total Adjusted Operating Profit	66.8	55.9

Note:

(1) Other primarily comprises advisory fees paid to Arcapita.

Adjusted Operating Profit is calculated by adjusting operating profit from continuing operations before goodwill amortisation and exceptional items for over/under-recovery (representing the amount by which Viridian's regulated businesses over- or under-recovered against their regulated entitlement). Adjusted operating profit increased to £66.8 million in First Nine Months 2012 from £55.9 million in First Nine Months 2011, primarily due to increases in Adjusted Operating Profit at VP&E, as discussed below.

Adjusted Operating Profit at VP&E increased to £49.0 million in First Nine Months 2012 from £38.6 million in First Nine Months 2011, primarily as a result of increased profitability from Renewable PPAs due to the commissioning of additional capacity, higher plant availability (principally due to the timing of planned outages) and the favourable impact of foreign exchange translation due to the movement in the average euro/pound exchange rate between First Nine Months 2011 and First Nine Months 2012. These increases were partially offset by lower utilisation rates at Huntstown.

Adjusted Operating Profit at NIE Energy remained largely unchanged at £19.3 million in First Nine Months 2012 compared to £18.8 million in First Nine Months 2011.

Adjusted EBITDA

The following table shows the Adjusted EBITDA of VP&E and NIE Energy for First Nine Months 2012 and First Nine Months 2011.

	First Nine Months	
	2012	2011
	(£ million)	
VP&E	67.7	58.5
NIE Energy	19.3	18.8
Other[(1)]	(1.5)	(1.5)
Total Adjusted EBITDA	85.5	75.8

Note:

(1) Other primarily comprises advisory fees paid to Arcapita.

Adjusted EBITDA increased to £85.5 million in First Nine Months 2012 from £75.8 million in First Nine Months 2011, primarily due to an increase in Adjusted EBITDA at VP&E, as discussed below.

Adjusted EBITDA at VP&E increased to £67.7 million in First Nine Months 2012 from £58.5 million in First Nine Months 2011, primarily as a result of increased profitability from renewable PPAs due to the commissioning of additional capacity, higher plant availability and the favourable impact of foreign exchange rate translation, as described above in "—Adjusted Operating Profit". These increases were partially offset by lower utilisation rates at Huntstown.

Adjusted EBITDA at NIE Energy remained largely unchanged at £19.3 million in First Nine Months 2012 compared to £18.8 million in First Nine Months 2011.

Exceptional costs from continuing operations

Exceptional costs from continuing operations decreased to £7.8 million in First Nine Months 2012 from £19.1 million in First Nine Months 2011, primarily due to a pensions scheme settlement of £12.2 million in First Nine Months 2011, as discussed in note 4 to the Interim Consolidated Financial Statements. The £7.8 million exceptional costs in the First Nine Months 2012 and £6.9 million in First Nine Months 2011 are attributable to a Carbon Revenue Levy. The RoI government imposed the Carbon Revenue Levy in 1 July 2010 on generators, such as Huntstown 1 and 2, in respect of their level of carbon emissions. The Carbon Revenue Levy did not apply in Fiscal Year 2010 and will expire on 31 December 2012. See "—Factors Affecting Results of Operations—Regulation—The Carbon Revenue Levy".

Results of operations for Fiscal Year 2011 compared to Fiscal Year 2010

Turnover from continuing operations

The following table shows the turnover from continuing operations of VP&E and NIE Energy for Fiscal Years 2011 and 2010.

	Year ended 31 March	
	2011	2010
	(£ million)	
VP&E	984.8	920.5
NIE Energy (based on regulated entitlement)	805.3	923.0
Adjustment for over/(under) recovery	21.2	(5.4)
Other	—	0.1
Intra-group elimination	(3.1)	(14.9)

Total turnover from continuing operations	1,808.2	1,823.3

Turnover from continuing operations decreased to £1,808.2 million in Fiscal Year 2011 from £1,823.3 million in Fiscal Year 2010. This decrease primarily resulted from a decrease in turnover from continuing operations at NIE Energy, which was partially offset by an increase in turnover from continuing operations at VP&E.

Turnover from continuing operations at VP&E increased to £984.8 million in Fiscal Year 2011 from £920.5 million in Fiscal Year 2010, primarily due to higher wholesale electricity prices, increased revenues generated by the Renewables (PPA) business reflecting the commissioning of new capacity during the year and increased sales by Energia from 5.8TWh in Fiscal Year 2010 to 5.9TWh in Fiscal Year 2011. These increases were partially offset by lower capacity payments caused by the full-year impact of an approximately 15% reduction in the capacity payment pot set by the NIAUR and CER from 1 January 2010, as well as lower plant availability primarily associated with the impact of a major planned outage at Huntstown 1, which contributed to a reduction in availability at that plant from 98.6% in Fiscal Year 2010 to 91.8% in Fiscal Year 2011. In addition, according to management estimates, in Fiscal Year 2011, utilisation levels at Huntstown 1 and 2 decreased to 76.4% and 86.8%, respectively, from 94.7% and 94.8%, respectively, in Fiscal Year 2010, as a result of new capacity in the SEM pool, caused primarily by the commissioning of the Aghada CCGT plant by ESB and the Whitegate CCGT plant by BGE in April 2010 and November 2010, respectively.

Turnover from continuing operations at NIE Energy based on regulated entitlement decreased to £805.3 million in Fiscal Year 2011 from £923.0 million in Fiscal Year 2010, reflecting decreases in turnover from continuing operations at both Power NI and PPB, as discussed below.

Turnover from continuing operations at Power NI based on regulated entitlement decreased to £539.5 million in Fiscal Year 2011 from £596.8 million in Fiscal Year 2010, primarily due to lower consumption per customer, the reduction in the number of residential customers caused by Airtricity entering the Northern Ireland residential market, which reduced Power NI’s market share from 100% in Fiscal Year 2010 to 97% in Fiscal Year 2011, and the reduction in business customers, which declined from approximately 40,000 in Fiscal Year 2010 to 36,000 in Fiscal Year 2011 (representing a market share decrease in the business segment by GWh sales from an approximately 24% share in Fiscal Year 2010 to an approximately 19% share in Fiscal Year 2011).

Turnover from continuing operations at PPB based on regulated entitlement decreased to £266.8 million in Fiscal Year 2011 from £361.4 million in Fiscal Year 2010 due to the cancellation of the Kilroot contract with PPB in November 2010, together with a further reduction in PPB’s turnover caused by major planned outages at Ballylumford, lower utilisation following the commissioning of the new Aghada and Whitegate CCGT plants and a reduction in capacity payment revenues reflecting the full year impact of the approximately 15% reduction in the capacity payment pot.

In Fiscal Year 2011, Viridian’s regulated businesses over-recovered against their regulated entitlement by £21.2 million, and, in Fiscal Year 2010, they under-recovered against their regulated entitlement by £5.4 million. As at 31 March 2011, the cumulative over-recovery against regulated entitlement was £1.6 million.

Operating costs from continuing operations before exceptional items and goodwill amortisation

Operating costs from continuing operations before exceptional items and goodwill amortisation decreased to £1,711.5 million in Fiscal Year 2011 from £1,725.7 million in Fiscal Year 2010 for the reasons discussed below. Operating costs from continuing operations before exceptional items include energy costs, employee costs, depreciation and amortisation and other operating charges.

Energy costs include the cost of wholesale energy purchases from the SEM pool, capacity payments made to the SEM, the cost of natural gas and fixed natural gas capacity costs for the Huntstown plants, emissions costs, use of system charges and costs for third party renewable PPAs. Energy costs decreased to £1,607.2 million in Fiscal Year 2011 from £1,627.9 million in Fiscal Year 2010, primarily as a result of lower plant availability, lower utilisation and lower emissions costs at Huntstown 1 and 2, lower unit sales in Power NI and the cancellation of the Kilroot contract with PPB in November 2010. These were partially offset by higher natural gas and wholesale electricity prices in the market.

Employee costs from continuing operations include salaries, social security costs and pension costs. Employee costs increased to £18.8 million in Fiscal Year 2011 from £16.3 million in Fiscal Year 2010, primarily due to the impact of inflation-linked salary increases and an increase in headcount largely reflecting a full year impact of services that were in-sourced for Power NI and Energia in Fiscal Year 2010.

Depreciation and amortisation increased to £25.4 million in Fiscal Year 2011 from £20.9 million in Fiscal Year 2010 due to the depreciation of capitalised costs in respect of the major planned outage at Huntstown 1 in Fiscal Year 2011.

Other operating charges include costs such as operating and maintenance costs, insurance, local business taxes, consultancy, marketing, licence fees and IT services. Other operating charges decreased to £60.1 million in Fiscal Year 2011 from £60.6 million in Fiscal Year 2010, primarily due to lower IT project costs for Power NI and lower business rates for Huntstown. This was partially offset by higher operating and maintenance costs for Huntstown due to the major planned outage at Huntstown 1 in May 2010 and the release of a provision for Power NI reorganisation costs in Fiscal Year 2010 against a charge for reorganisation costs in Fiscal Year 2011 in respect of the in-sourcing of certain business process services.

Operating Profit from continuing operations before exceptional items and goodwill amortisation

Operating Profit from continuing operations before exceptional items and goodwill amortisation decreased to £96.7 million in Fiscal Year 2011 from £97.6 million in Fiscal Year 2010. This was primarily caused by the decrease in turnover which was partially offset by a decrease in operating costs as discussed above under "—Turnover from continuing operations" and "—Operating costs from continuing operations before exceptional items and goodwill amortisation", respectively. In addition, the decrease in operating profit from continuing operations before exceptional items and goodwill amortisation was impacted by an over-recovery in respect of regulated entitlement in the amount of £21.2 million in Fiscal Year 2011, compared to an under-recovery of £5.4 million in Fiscal Year 2010.

Adjusted Operating Profit

The following table shows the Adjusted Operating Profit of VP&E and NIE Energy for Fiscal Years 2011 and 2010.

	Year ended 31 March	
	2011	2010
	(£ million)	
VP&E	53.6	79.4
NIE Energy	25.0	27.0
Other[(1)]	(3.1)	(3.4)
Total Adjusted Operating Profit	75.5	103.0

Note:

(1) Other primarily comprises advisory fees paid to Arcapita.

Adjusted Operating Profit is calculated by adjusting operating profit from continuing operations before goodwill amortisation and exceptional items for over/under-recovery (representing the amount by which Viridian's regulated businesses over- or under-recovered against their regulated entitlement). Adjusted Operating Profit decreased to £75.5 million in Fiscal Year 2011 from £103.0 million in Fiscal Year 2010 due to decreases in Adjusted Operating Profit at both VP&E and NIE Energy.

Adjusted Operating Profit at VP&E decreased to £53.6 million in Fiscal Year 2011 from £79.4 million in Fiscal Year 2010, primarily as a result of lower capacity payments caused by the full year impact of the approximately 15% reduction in the capacity payment pot as described under "—Turnover from continuing operations" above, lower plant availability associated with the impact of the 28.5 day major planned outage at Huntstown 1 (as described further under "—Factors Affecting Results of Operations—Capacity and availability—Availability of assets"), lower utilisation levels at Huntstown 1 and 2 as a result of the commissioning of the Aghada CCGT plant by ESB and the Whitegate CCGT plant by BGE, in April 2010 and November 2010, respectively, the impact of foreign exchange translation due to the movement in the average euro/pound exchange rate between Fiscal Year 2011 and Fiscal Year 2010 and an increase in depreciation charges due to the depreciation of capitalised costs in respect of the major planned outage at Huntstown 1 in Fiscal Year 2010. These factors were partially offset by increased profitability generated by the Renewables (PPA) business reflecting the commissioning of new capacity during the year.

Adjusted Operating Profit at NIE Energy decreased to £25.0 million in Fiscal Year 2011 from £27.0 million in Fiscal Year 2010, primarily as a result of the decrease in Adjusted Operating Profit at Power NI, which decreased to £19.0 million in Fiscal Year 2011 from £21.2 million in Fiscal Year 2010. This was a result of lower regulated entitlement and higher operating costs primarily associated with a charge for reorganisation costs in Fiscal Year 2011 compared to the release of a provision for reorganisation costs in Fiscal Year 2010.

Adjusted EBITDA

The following table shows the Adjusted EBITDA of VP&E and NIE Energy for Fiscal Years 2011 and 2010.

	Year ended 31 March	
	2011	2010
	(£ million)	
VP&E	79.0	99.9
NIE Energy	25.0	27.0
Other[1]	(3.1)	(3.0)
Total Adjusted EBITDA	100.9	123.9

Note:

(1) Other primarily comprises advisory fees paid to Arcapita.

Adjusted EBITDA decreased to £100.9 million in Fiscal Year 2011 from £123.9 million in Fiscal Year 2010 due to decreases in Adjusted EBITDA at both VP&E and NIE Energy.

Adjusted EBITDA at VP&E decreased to £79.0 million in Fiscal Year 2011 from £99.9 million in Fiscal Year 2010, primarily as a result of the lower capacity payments, lower plant availability and lower utilisations as described above in "—Adjusted Operating Profit". This decrease was partially offset by increased profitability generated by the Renewables (PPA) business reflecting the commissioning of new capacity during the year.

Adjusted EBITDA at NIE Energy decreased to £25.0 million in Fiscal Year 2011 from £27.0 million in Fiscal Year 2010, primarily as a result of lower regulated entitlement and higher operating costs primarily associated with a charge for reorganisation costs in Fiscal Year 2011 compared to the release of a provision for reorganisation costs in Fiscal Year 2010.

Exceptional costs from continuing operations

Exceptional costs from continuing operations were £22.6 million in Fiscal Year 2011, consisting of a pension settlement charge of £12.2 million resulting from the sale of NIE and the Carbon Revenue Levy of £10.4 million, as discussed in note 5 to the Consolidated Financial Statements. There were no exceptional costs from continuing operations in Fiscal Year 2010.

The pension settlement charge resulted from the sale of NIE and relates to the settlement of the obligations of the continuing operations relating to active, deferred and in-payment members who remained in the NIE pension scheme.

Liquidity and Capital Resources

The following table summarises Viridian's cash flow activity from continuing operations for Fiscal Years 2011 and 2010 and for First Nine Months 2012 and First Nine Months 2011.

	Fiscal Year		First Nine Months	
	2011	2010	2012	2011
	(£ million)[1][2]			
Adjusted EBITDA[3]	**100.9**	**123.9**	**85.5**	**75.8**
Defined benefit pension charge less contributions paid	(1.2)	(2.6)	—	(0.7)
Net movement in provisions	(0.7)	(0.9)	—	(0.1)
Net movement in security deposits	(3.4)	—	(54.0)	(6.7)
Changes in working capital[4]	22.8	(13.0)	33.9	25.4
Over/(under)-recovery of regulated entitlement	21.2	(5.4)	(16.9)	11.7
Effects of foreign exchange	0.9	1.6	(2.7)	1.5
Exceptional cash outflows	(19.5)	—	(9.4)	(3.5)
Cash flow from operating activities from continuing operations	**121.0**	**103.6**	**36.4**	**103.5**
Gross capital expenditure used in continuing operations[5]	(48.8)	(13.4)	(24.3)	(38.4)
Purchase of and proceeds from sale of other intangibles	(3.1)	2.6	4.3	10.2
Cash flow before interest and tax from continuing operations	**69.1**	**92.8**	**16.4**	**75.2**

Notes:

(1) Certain line items from Viridian's cash flow statements, including cash flow from financing activities, cannot be divided between continuing and discontinued operations. Therefore, a full comparison of the results of the cash flow from the Group's continuing operations for Fiscal Years 2011 and 2010, and for First Nine Months 2012 and First Nine Months 2011 is not possible.

(2) Cash flows include the cash flows of Viridian's wind farm assets. However, the ability of Viridian's wind farm subsidiaries to pay dividends or other distributions to VPEHL, as a shareholder, is restricted under the finance documents relating to the Euro Facility. See "Description of Certain Indebtedness—Non-recourse project finance facilities".

(3) Includes adjusted EBITDA of wind farm assets of £2.2 million in Fiscal Year 2011 and £1.6 million in Fiscal Year 2010, and £3.8 million in First Nine Months 2012 and £1.2 million in First Nine Months 2011. See "—Contribution from Project Finance Entities".

(4) Includes changes in working capital in respect of wind farm assets of a £1.4 million increase in Fiscal Year 2011, a £4.2 million decrease in Fiscal Year 2010, a £1.0 million increase in First Nine Months 2012 and a £2.2 million increase in First Nine Months 2011.

(5) Includes capital expenditure on wind farm assets of £34.3 million in Fiscal Year 2011 and £8.0 million in Fiscal Year 2010, and £16.6 million in First Nine Months 2012 and £27.5 million in First Nine Months 2011.

Cash flow from operating activities from continuing operations

Cash flow from operating activities from continuing operations at Viridian decreased to £36.4 million in First Nine Months 2012 from £103.4 million in First Nine Months 2011, primarily due to the movement in security deposits, under-recovery of regulated entitlement, the impact of exceptional cash outflows (as discussed elsewhere herein), and the unfavourable effect of foreign exchange rate movements. These declines were partially offset by an improvement in Adjusted EBITDA, as described above in "—Results of Operations—Results of operations for First Nine Months 2012 compared to First Nine Months 2011—Adjusted EBITDA" and favorable movements in working capital.

Cash flow from operating activities from continuing operations at Viridian increased to £121.0 million in Fiscal Year 2011 from £103.6 million in Fiscal Year 2010, primarily due to working capital improvements and the over-recovery of regulated entitlement in Fiscal Year 2011, which were partially offset by the reduction in Adjusted EBITDA discussed elsewhere herein, the effect of foreign exchange rate movements, certain exceptional items and the movement in security deposits.

Net movement in security deposits

The net movement in security deposits was an outflow of £54.0 million in First Nine Months 2012 compared to an outflow of £6.7m in First Nine Months 2011, and an outflow of £3.4 million in Fiscal Year 2011 compared to £nil in Fiscal Year 2010, in both instances, as a result of amounts placed as security with currency and commodity counterparties as well as the replacement of LOCs with cash deposits. The need to replace LOCs with cash deposits has arisen due to the maturity of the Existing Senior Credit Facilities whereby LOCs are not able to be provided with greater than twelve month maturity. Management expects this position to reverse upon completion of the Refinancing.

Changes in working capital

Working capital consists of stocks plus trade and other debtors (primarily retail energy sales (including unbilled consumption), wholesale energy sales, capacity payment income and ROC sales), prepayments and accrued income less trade and other creditors (primarily wholesale energy costs, capacity payments, natural gas and fixed natural gas capacity costs, Renewable PPA costs, ROC costs, emission costs and use of system charges), payments received on account, accruals, and tax and social security.

Working capital from continuing operations at Viridian decreased by £33.9 million in First Nine Months 2012, due to reductions in the working capital requirements of VP&E, NIE Energy and other Viridian holding companies.

Working capital at VP&E decreased by £2.7 million in First Nine Months 2012, primarily due to increased trade creditors and accruals (reflecting increased use of system creditors, increased renewable PPA creditors due to increased wind volumes) and higher Value Added Tax, or "VAT" creditors, partly offset by an increase in debtors and accrued income (reflecting higher sales prices associated with higher gas prices and higher use of system pass through charges, together with higher Renewable PPA debtors associated with higher wind volumes) and a decrease in emissions liability (reflecting the settlement of compliance volumes for calendar year 2010 in April 2011).

Working capital at NIE Energy decreased by £23.4 million in First Nine Months 2012, primarily due to a reduction in Power NI trade debtors (due to the seasonality of Power NI sales and lower customer numbers and lower consumption), lower PPB debtors (reflecting lower PSO debtors), lower VAT debtors, an increase in trade creditors and accruals (reflecting an increase in energy and use of system creditors due to seasonality), partially offset by a reduction in ROC creditors (reflecting annual compliance settlement).

Working capital at other Viridian holding companies decreased by £7.8 million in First Nine Months 2012, primarily due to the settlement of internal trading accounts with VP&E and NIE Energy.

Working capital from continuing operations at Viridian decreased by £25.5 million in First Nine Months 2011, due to a reduction in the working capital requirements of NIE Energy and other Viridian holding companies, partially offset by an increase in the working capital requirements of VP&E.

Working capital at VP&E increased by £3.6 million in First Nine Months 2011, primarily due to higher trade debtors and accrued income (reflecting higher sales prices associated with higher gas prices and higher use of system pass through charges and higher debtor days), a decrease in the emissions liability (reflecting the settlement of compliance volumes for calendar year 2009 in April 2010), an increase in ROC debtors and lower VAT creditors, partially offset by an increase in trade creditors and accruals (reflecting higher energy prices, gas prices and use of system charges).

Working capital at NIE Energy decreased by £18.4 million in First Nine Months 2011, primarily due to lower trade debtors and accrued income (due to the seasonality of Power NI sales combined with lower customer numbers and lower consumption), an increase on payments on account and an increase in Power NI trade creditors and accruals (reflecting higher energy prices), partially offset by a decrease in PPB creditors (reflecting the cancellation of the Kilroot contract in November 2010), higher VAT debtors, and lower ROCs creditors (reflecting annual compliance settlement).

Working capital at other Viridian holding companies decreased by £10.6 million in First Nine Months 2011 due to receipts from the settlement of internal trading accounts between Viridian and the discontinued operations of NIE and related businesses prior to disposal.

Working capital from continuing operations at Viridian decreased by £22.8 million in Fiscal Year 2011 due to a reduction in the working capital requirements of VP&E, NIE Energy and other Viridian holding companies.

Working capital at VP&E decreased by £16.3 million in Fiscal Year 2011, primarily due to an increase in trade creditors and accruals (reflecting higher energy prices, the timing of payment of use of system charges, SEM and other operating cost payments, partly offset by lower gas creditors associated with the commencement of the Huntstown 2 outage in March 11), a decrease in trade debtors and accrued income (reflecting a slight decrease in debtor days, lower SEM debtors associated with the commencement of the Huntstown 2 outage in March 11, partly offset by higher sales prices) and an increase in the emissions liability (reflecting the reduction in the availability of free carbon allowances associated with the sale of allowances to meet the cash flow requirements of the carbon levy), partially offset by higher VAT debtors and an increase in stock.

Working capital from continuing operations at NIE Energy decreased by £1.2 million in Fiscal Year 2011, primarily due to a reduction in trade debtors and accrued income (reflecting lower sales volumes associated with lower customer numbers and lower consumption and lower accrued income as result of the Kilroot contract cancellation), partially offset by a reduction in trade creditors and accruals (reflecting the cancellation of the Kilroot contract and lower sales volumes), and an increase VAT debtors.

Working capital from continuing operations at other Viridian holding companies decreased by £5.4 million in Fiscal Year 2011, primarily due to receipts from the settlement of internal trading accounts between Viridian and the discontinued operations of NIE and related businesses prior to disposal.

Working capital from continuing operations at Viridian increased by £13.0 million in Fiscal Year 2010 due to working capital increases in VP&E, NIE Energy and other Viridian holding companies.

Working capital at VP&E increased by £3.5 million in Fiscal Year 2010 due to a decrease in the emissions liability and an increase in distillate oil stocks (to meet secondary fuel storage obligations), a decrease in trade creditors and accruals reflecting lower natural gas and electricity costs in the market, together with a milestone payment for the construction contract for Huntstown 2 outstanding at March 2009, partially offset by lower trade debtors and accrued income (reflecting lower sales prices and lower debtor days).

Working capital at NIE Energy increased by £9.0 million in Fiscal Year 2010, primarily due to lower CfD creditors (resulting from reduced exposure on NIE Energy's CfD hedging positions with exceptionally high CfD creditors at March 2009 due to the drop in wholesale prices with the onset of the recession in 2009) and an increase in VAT debtors.

Working capital at other Viridian holding companies increased by £0.5 million in Fiscal Year 2010.

Effects of foreign exchange

The effect of foreign exchange was a cash outflow of £2.7 million in First Nine Months 2012 compared to a cash inflow of £1.5 million in First Nine Months 2011 and a cash inflow of £0.9 million in Fiscal Year 2011 compared to a cash inflow of £1.6 million in Fiscal Year 2010, in all instances, as a result of movements in the exchange rate between the pound and the euro during the periods discussed.

Exceptional cash outflows

Exceptional cash outflows were £9.4 million in First Nine Months 2012 compared to £3.5 million in First Nine Months 2011. These outflows primarily resulted from the Carbon Revenue Levy which is discussed elsewhere herein. Exceptional cash outflows in Fiscal Year 2011 consisted of a pension settlement payment of £12.3 million and the Carbon Revenue Levy of £7.3 million, as set out in Note 23(ii) to the Consolidated Financial Statements and as discussed in "—Results of Operations—Results of operations for Fiscal Year 2011 compared to Fiscal Year 2010—Exceptional costs from continuing operations". There were no exceptional cash outflows in Fiscal Year 2010.

Cash flow before interest and tax from continuing operations

Cash flow before interest and tax from continuing operations decreased to £16.4 million in First Nine Months 2012 from £75.2 million in First Nine Months 2011, primarily due to a decrease in cash flow from operating activities from continuing operations, and lower purchases of, and proceeds from, the sale of other intangibles relating to ROCs and emissions allowances, partially offset by a decrease in capital expenditure. Cash flow before interest and tax from continuing operations decreased to £69.1 million in Fiscal Year 2011 from £92.8 million in Fiscal Year 2010, primarily due to an increase in gross capital expenditure used in continuing operations, partly offset by an increase in cash flow from operating activities from continuing operations.

Gross capital expenditure used in continuing operations

Gross capital expenditure used in continuing operations at Viridian decreased to £24.3 million in First Nine Months 2012 from £38.4 million in First Nine Months 2011, primarily due to lower expenditure on owned wind farm assets and lower capital expenditure requirements of and the timing of major outages at the Huntstown plants in line with the requirements of the plants' long-term maintenance agreements. Excluding capital expenditure on renewable wind farm owned assets, gross capital expenditure decreased to £7.7 million in First Nine Months 2012 from £10.9 million in First Nine Months 2011, primarily due to the timing of major planned outages at the Huntstown plants.

Capital expenditure used in continuing operations at VP&E (excluding capital expenditure on renewable wind farm owned assets) decreased to £3.4 million in First Nine Months 2012 from £6.4 million in First Nine Months 2011 due to the timing of capital expenditure requirements in respect of planned outages at the Huntstown plants in First Nine Months 2011, partially offset by increased expenditure on upgrading Energia's billing systems in First Nine Months 2012.

Capital expenditure used in continuing operations at NIE Energy reduced slightly to £4.3 million in First Nine Months 2012 compared to £4.5 million in First Nine Months 2011 and reflects expenditure associated with the Enduring Solution project, an information technology project to separate Power NI and NIE customer records and remove the current restrictions on residential customer switching inherent in the legacy systems. This project is due to be completed in Fiscal Year 2013.

Gross capital expenditure used in continuing operations at Viridian increased to £48.8 million in Fiscal Year 2011 from £13.4 million in Fiscal Year 2010, primarily due to expenditure on the Drumlough Hill, Corkermore, Crigshane and Churchill wind farms. Excluding capital expenditure on renewable wind farm owned assets, gross capital expenditure increased to £14.5 million in Fiscal Year 2011 from £5.4 million in Fiscal Year 2010.

Capital expenditure used in continuing operations at VP&E (excluding capital expenditure on renewable wind farm owned assets) increased to £9.1 million in Fiscal Year 2011 from £5.3 million in Fiscal Year 2010 due to the capital expenditure requirements and the timing of major outages at the Huntstown 1 plant in line with the requirements of its long-term maintenance agreement.

Capital expenditure used in continuing operations at NIE Energy increased to £5.3 million in Fiscal Year 2011 from £nil in Fiscal Year 2010, reflecting expenditure on the Enduring Solution project.

Sources of Liquidity

Prior to the Refinancing, Viridian's principal sources of liquidity were cash generated from its operations, its Existing Senior Credit Facilities, project finance facilities associated with the Renewables (Owned Assets) business, and its credit facilities at the level of its operating subsidiaries.

Viridian's principal source of liquidity in the future will continue to be its operating cash flows which are, in turn dependent, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond Viridian's control, as well as other factors, discussed in "Risk Factors". In addition to cash flow from operating activities, Viridian has a committed Revolving Credit Facility, which was entered into on 5 March 2012. The Revolving Credit Facility which can be drawn in Sterling or Euro is in a principal amount of £225,000,000. Any amounts drawn under the Revolving Credit Facility are permitted to be used for the general corporate purposes of the Group other than for payments in respect of any dividends, or with respect to capital expenditure or acquisitions of businesses or any repayment, prepayment, redemption, purchase, repurchase or defeasance of the Notes. There is a separate sub-limit of £125,000,000 on utilisations by way of loans (provided that such sub-limit shall not apply if such loans are solely used to provide cash cover for a letter of credit) and an ancillary facility sub-limit of £50,000,000.

Management believes that following the Refinancing, Viridian's operating cash flows, together with availability under the Revolving Credit Facility will be sufficient to fund its working capital requirements, anticipated capital expenditures, tax payments and debt service requirements as they become due for the foreseeable future, although management cannot assure you that this will be the case.

Management believes that the principal potential risk to Viridian's liquidity is a reduction in operating cash flows due to a reduction in net income from its operations, which could result from downturns in the industry, loss of customer contracts or its performance as a whole. Because Viridian is a holding company, it is dependent upon the earnings and cash flows of, and dividends and distributions from, its operating subsidiaries to pay expenses and meet its debt service obligations. In addition, future drawings under the Revolving Credit Facility will only be available if, among other things, Viridian meets the covenants included therein.

Contractual Obligations

Viridian has three primary types of contractual obligations.

First, Viridian is a party to PPAs with its wholly owned and third party owned wind farms and with third party generators of other renewable energy sources through which it is obligated to purchase the electricity these generators produce.

Second, Viridian, through PPB, has entered into GUAs in Northern Ireland, where generators make their generating units available to PPB in return for the receipt of availability payments. PPB's principal GUAs are with AES Ballylumford Ltd., or Ballylumford (which was formerly Premier Power Ltd.), AES Kilroot Power Ltd., or Kilroot, and Coolkeeragh ESB Ltd., or Coolkeeragh. The Coolkeeragh contracts expire in 2020, the Kilroot contracts expire in 2024 and the main Ballylumford contracts expire in September 2018, however, NIE Energy has an option to extend them by five years. Payment terms for such extension is pre-defined in the contracts. Despite these set expiration dates, the NIAUR has the exclusive right to unilaterally cancel any of these contacts by giving 180 days notice, and these rights are currently exercisable for all contracts with the exception of the primary Ballylumford CCGT contracts, which cannot be exercised before 1 April 2012. For example, the NIAUR exercised the early termination of part of the contracted capacity at Kilroot (520MW) on 1 November 2010. The NIAUR recently completed a review of PPB's contracts and, on 9 September 2011, published a consultation paper on its decision not to cancel any contract from 1 April 2012, but to keep these contracts under review. This was also confirmed in a statement published on 22 December 2011. See "Risk Factors—PPB's contracts may be terminated by the NIAUR which may adversely affect Viridian's results".

Third, Viridian has entered into operating lease arrangements for the hire of equipment and buildings as these arrangements are a cost efficient way of obtaining the short-term benefits of these assets.

The Group's annual commitments under non-cancellable operating leases as at 31 March 2011 were as follows:

	Contractual Maturity in			
	1 year or less	2-5 years	More than 5 years	Total
		(£ million)		
Operating lease obligations	0.1	0.3	0.5	0.9
Total	0.1	0.3	0.5	0.9

As at 31 March 2011, the Group had contracted future capital expenditure in respect of tangible fixed assets of £11.0 million (£19.9 million as at 31 March 2010).

The Group's *pro forma* annual commitments under the Notes are as follows:

	Contractual Maturity in

	1 year or less	2-5 years	More than 5 years	Total
		(£ million)		
Notes[1]	—	418.6	—	418.6

Note:

(1) Represents the obligations to repay the aggregate principal amount of the Notes offered hereby, consisting of €313 million of Euro Notes and $250 million of Dollar Notes. The principal amount of the €313 million Euro Notes has been translated at an exchange rate of €1.1942 per £1.00 (as reported by the Financial Times on 29 February 2012) and the principal amount of the $250 million Dollar Notes has been translated at an exchange rate of $1.5975 per £1.00 (the Bloomberg Composite Rate for dollars against pounds sterling on 29 February 2012). These exchange rates may differ from the exchange rates in effect as of the date the Dollar Notes are issued.

Letters of Credit

Viridian is required to provide standby letters of credit ("LOCs") to certain counterparties to support its performance obligations during the ordinary course of its business activities. These LOCs are required for companies operating in the Irish energy markets and are primarily to cover the counterparty's settlement exposure. The LOCs may be called for cash by the counterparty in the event of a non-payment.

Viridian provides LOCs primarily to counterparties to its contracts for the purchase of electricity and gas, its CfDs and its contracts for transmission and distribution use of system. The SEM in Ireland is a fully collateralised market requiring all supply companies to provide collateral in the form of an LOC or cash to ensure that generators of electricity are paid for their output. Both Power NI and Energia provide LOCs to the SEMO for this purpose. VP&E is also required in certain circumstances to provide LOCs to its gas suppliers for its purchases of gas for both fuelling the Huntstown power plants and selling on to its retail customers.

Further, both Power NI and Energia are required to provide LOCs to ESB to cover charges under CfDs entered into with generators to hedge their exposure to volatility in the SEM pool price.

Viridian also provides LOCs to those counterparties that provide for the transmission and distribution of electricity and transportation of gas. Power NI and Energia provide LOCs to ESB and NIE for the use of their electricity systems. VP&E provides LOCs to BGE for the use of its gas transportation network. Viridian typically provides LOCs with a tenor of up to 12 months.

In recent months, Viridian has had to replace some LOCs with cash security deposits due to the maturity of the Existing Senior Credit Facilities. As at 31 December 2011, Viridian had replaced LOCs totalling £35.5 million with cash security deposits and had £77.2 million of LOCs outstanding. Management believes the typical level of LOCs required on an ongoing basis to be in the region of £100 million to £120 million.

Off-Balance Sheet Arrangements

Other than as set out in note 25 to the Consolidated Financial Statements, Viridian is not a party to any material off-balance sheet financing arrangements.

Quantitative and Qualitative Disclosure about Market Risk

Viridian's treasury function manages liquidity, funding, investment and its financial risk, including risk from volatility in currency, interest rates, commodity prices and counterparty credit risk. The treasury function's objective is to manage risk at optimum cost in line with Viridian's policies and procedures approved by the board of directors. The treasury function employs a continuous forecasting and monitoring process to manage risk and to ensure that the Group complies with its financial covenants.

Liquidity and refinancing risk

Prior to the Refinancing and the sale of NIE, Viridian was financed through a combination of own cash flow generation, medium-term bank facilities and long-term bonds, and it managed its financial resources in line with its bank facilities' financial covenants (*e.g.*, ratios of "funds from operations (EBITDA less tax paid)" to "interest paid" and "funds from operations less interest paid" to "net debt"). These covenants were tested bi-annually on 31 March and 30 September of each year, and Viridian has a strong track record of covenant compliance, having never experienced non-compliance. Liquidity risk, including short-term working capital, is managed by maintaining access to a number of sources of funding, including committed bank facilities and own cash resources. Viridian's main source of liquidity, however, continues to be cash generated from operations. Viridian's cash forecasts, which cover a rolling 12-month period, are reviewed monthly.

Foreign currency risk

VP&E receives income and incurs expenditure in both sterling and euros. VP&E is also exposed to currency movements in respect of its natural gas purchases denominated in sterling. Viridian's policy is to identify foreign exchange exposures with a value equivalent to or greater than £0.5 million with the percentage level of hedging dependent on the specific project. Exchange rate exposures are identified, monitored and hedged through the use of financial instruments (mainly forward currency contracts and swap arrangements). The estimated fair value of Viridian's derivative financial instruments is disclosed in note 27 to the Consolidated Financial Statements.

Power NI is exposed to currency movements in respect of its euro-denominated CfDs with ESB Power Generation. These exposures are hedged in accordance with a policy agreed with the NIAUR.

Euro-denominated assets on Viridian's balance sheet are broadly matched by euro borrowings.

Commodity risk

VP&E employs commodity swaps to hedge natural gas price exposures and forward purchase contracts to hedge its shortfall of CO_2 emission allowances. VP&E's policy is to hedge its exposure to changes in the price of natural gas and CO_2 emission allowances in line with retail electricity sales contracts. VP&E is entitled to a 68% allocation of CO_2 emission allowances in respect of Huntstown 1 and 2 under phase 2 of the EU Emissions Trading Scheme which extends to 31 December 2012, at which stage both plants will no longer be entitled to any free allowances.

PPB is exposed to commodity price fluctuations in respect of its generation contracts. These exposures are hedged through the use of commodity swaps and forward purchase contracts in accordance with a policy discussed with the NIAUR.

VP&E and Power NI enter into CfDs to hedge their exposure to pool price volatility.

The estimated fair value of Viridian's derivative financial instruments is disclosed in note 27 to the Consolidated Financial Statements.

Credit risk

Viridian's credit risk is primarily attributable to its trade receivables. Provisions are made based on previous experience and identifiable events which indicate a reduction in the recoverability of cash flows. Energia and Power NI are not exposed to major concentrations of credit risk in respect of their trade receivables, with exposure spread over a large number of customers. Energia takes out credit insurance in respect of certain trade receivables. PPB receives security from suppliers in the form of LOCs, parent company guarantees or cash collateral.

Viridian may be exposed to credit-related loss in the event of non-performance by bank counterparties. Viridian manages this credit risk by establishing and monitoring counterparty exposure limits which are adjusted and tightened when necessary. Viridian actively manages its banking exposures on a daily basis and cash deposits are primarily placed for periods not exceeding three months to provide maximum flexibility.

Interest rate risk

Prior to the Refinancing, Viridian's borrowings were denominated in pounds sterling and euros and bore a mixture of floating interest rates and rates which were, in effect, fixed through the use of derivative financial instruments in order to manage Viridian's interest rate exposure. Under the terms of the Existing Senior Credit Facilities and the Junior Credit Facility, Viridian was required to hedge a minimum of 65% of its debt against interest rate fluctuations. After giving effect to the Refinancing and the application of the proceeds therefrom, the Existing Senior Credit Facilities will be repaid, and the Notes will all bear interest at a fixed rate. The interest rate with respect to the loan under the Junior Credit Facility, as amended, for each interest period is the higher of (1) the percentage rate *per annum* which is equal to the aggregate of (a) 4.50%, (b) LIBOR or EURIBOR, as applicable, and (c) certain additional costs, and (2) (a) 14% *per annum* or (b) 13.5% *per annum* in the event that the third party Junior Lenders have received a prepayment of at least £20 million (or its equivalent). Interest accrues daily from and including the first day of an interest period and is payable in kind on the last day of each interest period (unless the borrower has elected to pay interest in cash (in whole or in part) for an interest period (no such election may be made by the borrower until after 31 March 2014)) and is calculated on the basis of a 365-day year.

Viridian's debt under the Revolving Credit Facility will bear interest at a variable rate which is based on LIBOR or EURIBOR plus an agreed margin and certain additional costs (as defined in the Revolving Credit Facility). Euro-denominated interest rate swaps with a notional value of €6.1 million and an average coupon of 5.5% will be retained by the Group. Fluctuations in LIBOR or EURIBOR on Revolving Credit Facility drawings over and above the notional value of the euro interest rate swaps or the occurrence of a market disruption event may increase Viridian's overall interest burden and could have a material adverse effect on its ability to service its debt obligations. To the extent that interest rates were to increase significantly, Viridian's interest expense would correspondingly increase, reducing its cash flow (if the Revolving Credit Facility is utilised).

Hedging risk

Viridian may enter into interest and currency hedging agreements to hedge its exposure to fluctuations in interest rates and foreign currency exchange rates, primarily under the Notes. Under these agreements, Viridian is exposed to credit risks of its counterparties. If one or more of its counterparties falls into bankruptcy, claims Viridian have under the swap agreements may become worthless. In addition, in the event that Viridian refinances its debt or otherwise terminates hedging agreements, it may be required to make termination payments, which would result in a loss.

Recent Accounting Pronouncements

There are no recent pronouncements under UK GAAP that are expected to have a significant impact on the financial statements.

Critical Accounting Policies

The Consolidated Financial Statements have been prepared in accordance with UK GAAP. In connection with the preparation of the Consolidated Financial Statements, the directors are required to make assumptions and estimates about future events, and apply judgements that affect the reported amounts of assets, liabilities, turnover and expenses and the related disclosures. Viridian bases its assumptions, estimates and judgements on historical experience, trends and other factors that management believes to be relevant at the time the Consolidated Financial Statements are prepared. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgements to ensure that the Consolidated Financial Statements are presented fairly and in accordance with UK GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from Viridian's assumptions and estimates, and such differences could be material.

Viridian's significant accounting policies are set out in note 2, Accounting Policies, of the notes to the Consolidated Financial Statements. Management believes that the following accounting policies and estimates are the most critical to aid in fully understanding and evaluating Viridian's reported financial results, and they require management's most difficult, subjective or complex judgements, resulting from the need to make estimates about the effects of matters that are inherently uncertain.

Applicability of going concern basis

The Consolidated Financial Statements have been audited by Ernst & Young, and their auditor's reports thereon are included herein. The auditor's report for Fiscal Year 2011 states that, while the opinion of Ernst & Young contained therein is not modified, Ernst & Young have also considered the adequacy of the disclosure in note 2 to the Consolidated Financial Statements concerning the Group's ability to continue as a going concern. The conditions described in note 2 indicate the existence of a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern. See page F-25 and note 2 to the Consolidated Financial Statements.

Basis of consolidation

The Group accounts consolidate the accounts of Viridian Group Investments Limited (the Company) and entities controlled by the Company (its subsidiaries) to 31 March each year. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of the acquisition is measured as the cash paid plus any costs directly attributable to the acquisition. The acquiree's identifiable assets and liabilities are recognised at their fair value at the acquisition date.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the identifiable net assets of a subsidiary at the date of acquisition. Goodwill is capitalised as an intangible asset and amortised by equal instalments against profit or loss over its estimated useful life which usually does not exceed 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. If a subsidiary is subsequently sold any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale.

Foreign currency translation

The presentation currency of the Group is pounds sterling (£). The local currency of subsidiaries incorporated in the Cayman Islands and the UK is pounds sterling (£). The local currency of subsidiaries incorporated in the RoI and the Grand Duchy of Luxembourg is the euro (€).

Foreign currency transactions are translated into the local currency at the rates of exchange prevailing on the dates of the transactions or at the contracted rate if the transaction is covered by a forward foreign currency contract. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the balance sheet date, or where appropriate at the forward contract rate, are recognised in the profit and loss account.

On consolidation, the assets and liabilities of the Group's foreign subsidiaries are translated into Sterling at the rate of exchange ruling at the balance sheet date and their profit and loss accounts are translated at the average rates of exchange for the period. Exchange differences arising are recognised in the statement of total recognised gains and losses.

Exchange differences arising on foreign currency borrowings used to hedge foreign currency net investments in foreign subsidiaries are recognised in the statement of total recognised gains and losses.

Emissions allowances and renewable obligations

The Group recognises allocation of CO_2 emissions allowances from government or a similar body at £nil value. Purchased CO_2 emissions allowances and renewable obligation certificates (ROCs) are initially recognised at cost (purchase price) within intangible assets. No amortisation is recorded during the period as the intangible asset is surrendered at the end of the compliance period reflecting the consumption of economic benefit.

The Group recognises liabilities in respect of its obligations to deliver emissions allowances to the extent that the allowances to be delivered exceed the level of allocation under the EU emissions trading scheme. Any liabilities recognised are measured based on the current estimates of the amounts that will be required to satisfy the obligation. A liability for the renewables obligation is recognised based on the level of electricity supplied to customers.

Computer software

The cost of acquiring computer software is capitalised and amortised on a straight-line basis over the directors' estimate of its useful economic life which is between three and 10 years. The carrying value of computer software is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible fixed assets and depreciation

Tangible fixed assets are included in the balance sheet at cost, less accumulated depreciation and any recognised impairment loss. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of overheads.

Interest on funding attributable to significant capital projects is capitalised during the period of construction and written off as part of the total cost of the asset.

Freehold land is not depreciated. Other tangible fixed assets are depreciated on a straight-line basis so as to write off the cost, less estimated residual value, over their estimated useful economic lives as follows:

- Infrastructure assets—up to 40 years
- Generation assets—up to 30 years
- Operational buildings—freehold and long leasehold—up to 50 years

- Fixtures and equipment—up to 25 years

- Vehicles and mobile plant—up to 5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. Where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Stocks

Stocks are stated at the lower of average purchase price and net realisable value.

Financial instruments

Interest bearing loans and borrowings

Interest bearing loans and borrowings are initially recorded at cost, being the proceeds received net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the profit and loss account using the effective interest rate method. Except for interest capitalised in relation to significant capital projects, interest payable is reflected in the profit and loss account as it arises.

Loans and receivables

Loans and receivables are carried at cost. Finance income, including premiums receivable on settlement or redemption, are accounted for on an accruals basis to the profit and loss account using the effective interest rate method. Profits or losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the effective interest rate method.

Trade debtors

Trade debtors do not carry any interest and are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the asset is impaired. Balances are written off when the probability of recovery is assessed as being remote.

Trade creditors

Trade creditors are not interest bearing and are stated at their nominal value.

Derivative financial instruments

The Group considers that its derivative financial instruments qualify for hedge accounting where the instrument relates to a firm committed transaction involving the same underlying variable as the hedged item and the instrument reduces the risk of changes in the underlying variable on the Group's operations. Derivative financial instruments are not reflected in the balance sheet at fair value. Derivative financial instruments are accounted for as follows:

- Forward exchange contracts, commodity contracts and CfDs

The rates under such contracts are used to record the hedged item. As a result, gains and losses under these contracts are offset in the profit and loss account in line with the transactions which they are hedging. Where the contract is used to hedge a committed future transaction, it is not recognised until the transaction occurs. If the underlying commitment does not occur and the instrument ceases to be a hedge, a gain or loss is recognised in the profit and loss account.

- Interest rate swaps

Amounts receivable or payable in respect of swap agreements are recognised as adjustments to net interest payable in the profit and loss account over the period of the agreement. Where a swap and underlying debt are terminated together, the net gain or loss is included in net interest payable. When swaps are terminated but the underlying debt is retained, any gain or loss is deferred and is amortised to net interest payable over the remaining term of the underlying debt.

Operating lease contracts

Leases are classified as operating lease contracts whenever the terms of the lease do not transfer substantially all the risks and benefits of ownership to the lessee. Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, exclusive of value added tax and other sales related taxes.

The following specific recognition criteria must also be met before turnover is recognised:

- Energy supply

Turnover is recognised on the basis of energy supplied during the period and tariffs or contracted prices as appropriate. Turnover for energy supply includes an assessment of energy supplied to customers between the date of the last meter reading and the balance sheet date, estimated using historical consumption patterns.

- Energy generation

Two key revenue streams are received by the Huntstown plant and PPB. Capacity revenue is recognised based upon the capacity (MW) provided to the SEM for the period. Energy revenue is recognised based upon electricity units generated during the period at market price, including an allowance for any anticipated resettlement within the SEM. Units are based on energy volumes recorded by SEMO and these units are reconciled to the units recorded on the plant systems to ensure accuracy.

Government grants and customer contributions

Government grants and customer contributions received in respect of tangible fixed assets are deferred and released to the profit and loss account by instalments over the estimated useful economic lives of the related assets. Grants received in respect of expenditure charged to the profit and loss account during the period are included in the profit and loss account.

Tax

The tax charge represents the sum of tax currently payable and deferred tax. Tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to the statement of recognised gains and losses, in which case the deferred tax is also dealt with in the statement of total recognised gains and losses.

Tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes both items of income or expense that are taxable or deductible in other years as well as items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax payable or recoverable on differences between the carrying amount of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilised.

Deferred tax is not provided in respect of gains arising from the sale or revaluation of fixed assets unless, by the balance sheet date, a binding commitment to sell the asset has been entered into and it is unlikely that any gain will be rolled over.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are calculated on an undiscounted basis at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Provisions

Provisions are recognised when (i) the Group has a present obligation (legal or constructive) as a result of a past event, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is included within net interest payable.

Decommissioning

Provision is made for estimated decommissioning costs at the end of the estimated useful economic lives of generation assets on a discounted basis based on price levels and technology at the balance sheet date. Changes in these estimates and changes to the discount rates are dealt with prospectively. Capitalised decommissioning costs are depreciated over the estimated useful economic lives of the related assets. The unwinding of the discount is included within net interest payable.

Pensions and other post-retirement benefits

The Group has both defined benefit and defined contribution pension arrangements. The amount recognised in the balance sheet in respect of liabilities represents the present value of the obligations offset by the fair value of assets.

Pension scheme assets are measured at fair value, which in the case of quoted securities is the published bid price, and liabilities are measured using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the liabilities. Full actuarial valuations are obtained at least triennially and updated at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur and are recognised outside the profit and loss account and presented in the statement of total recognised gains and losses.

The cost of providing benefits under the defined benefit scheme is charged to the profit and loss account over the periods benefiting from employees' service. Past service cost is recognised immediately to the extent that the benefits are already vested. When a settlement or a curtailment occurs the change in present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction. The difference between the expected return on pension scheme assets and the interest on pension scheme liabilities is recognised in the profit and loss account.

Pension costs in respect of defined contribution arrangements are charged to the profit and loss account as they become payable.

Dividends

Dividends are recorded in the period in which they are paid.

BUSINESS

Business Overview

Viridian is a leading vertically integrated electricity generation and supply utility, operating across Northern Ireland and the RoI. Viridian generates conventional electricity through its two CCGT electricity generation plants and sources renewable electricity through a portfolio of power purchase agreements, or PPAs, with third parties. Viridian also has a portfolio of owned wind farm assets that it is disposing substantially all of as part of the Refinancing, although it intends to retain its existing PPAs relating to those assets and will also retain a pipeline of other renewables projects in development. Viridian intends to develop its pipeline of renewables projects, including the Northern Ireland development assets, which are expected to have a capacity of 12MWs, and the RoI development assets, which are expected to have a capacity of 68MWs, as this represents an important element of Viridian's strategy to maintain a leading position as a PPA provider. Viridian participates in the unregulated procurement and supply of electricity across Northern Ireland and the RoI and in the regulated procurement and supply of electricity in Northern Ireland. In the 12 months ended 30 September 2011, Viridian was the number one supplier of electricity in Northern Ireland (with a 64% market share) and the joint number two supplier of electricity in the RoI (with an 18% market share). As of 31 December 2010, Viridian was the number two generator of electricity by capacity on an all-island basis, both owned and provided under PPAs (with an 18% market share).

Viridian also supplies natural gas to business customers, principally in the RoI, where, in the 12 months ended 30 September 2011, it was the number two supplier of gas to business customers (with a 19% market share of LEUs and a 22% market share of SMEs).

Viridian operates through two main businesses, VP&E and NIE Energy. Viridian's turnover from continuing operations and Adjusted EBITDA for the 12 months ended 31 December 2011 was £1,783.8 million and £110.6 million, respectively.

VP&E

VP&E operates as a vertically integrated energy business consisting of competitive electricity supply to business customers in both Northern Ireland and the RoI through Energia, its retail supply business, backed by electricity generation from its two Huntstown CCGT plants, long-term PPAs with third party renewable generators and owned wind farm assets. VP&E also supplies natural gas to business customers, principally in the RoI. VP&E's turnover from continuing operations and Adjusted EBITDA for the 12 months ended 31 December 2011 was £1,046.4 million and £88.2 million, respectively. VP&E operates through the following business units:

Huntstown

Huntstown comprises two CCGT plants (Huntstown 1 and Huntstown 2) located on the outskirts of Dublin with a total combined generation capacity of 747MW. Taken together, Huntstown 1 and Huntstown 2 are able to supply approximately 11% of peak demand or approximately 32% of business demand on an all-island basis (based on estimated peak demand of approximately 7,000MW). As required by market regulation, Huntstown sells the electricity it generates into the all-island single electricity market, or SEM pool, for which it receives energy payments, which are based on the system marginal price, or SMP, as well as certain other payments, such as Constraint Payments. The SMP is received by all generators that the market operator has scheduled to produce electricity during that trading period, and reflects the marginal cost of the last generating unit called to meet demand. Huntstown also receives capacity payments, based on the generation capacity it makes available to the SEM, under the Capacity Payment Mechanism, or CPM, which was established by the regulatory authorities as part of the SEM design to provide an incentive to generators, such as Huntstown, to invest in generation capacity. In Fiscal Year 2011, energy payments and capacity payments represented, respectively, 84.3% and 14.6% of Huntstown's total turnover and in First Nine Months 2012, energy payments and capacity payments represented, respectively, 84.4% and 14.3% of Huntstown's total turnover.

VP&E commissioned Huntstown 1, a 343MW CCGT plant, in November 2002 and Huntstown 2, a 404MW CCGT plant adjacent to Huntstown 1, in October 2007. Huntstown 1 and Huntstown 2 are modern CCGT plants and, in management's view, are among the most reliable conventional plants in Ireland, as evidenced by their high availability levels since being commissioned, with Huntstown 1 achieving a historical average availability of approximately 94% between 2002 and 2010 and Huntstown 2 achieving a historical average availability of approximately 95% between 2007 and 2010, each according to management estimates. These factors have historically resulted in high utilisation levels (on average, 71% in First Nine Months 2012, 82% in Fiscal Year 2011 and 95% in Fiscal Year 2010). The recent reduction in utilisation rates at these plants reflects the full-year impact of the additional capacity of the Aghada and Whitegate CCGT plants, commissioned in April 2010 and November 2010, respectively, increased load factors of renewables and, most recently, the reduction in the cost of carbon. This reduction in the cost of carbon has improved the position of one of Ireland's coal generation plants relative to Huntstown 1 and Huntstown 2 in the SEM merit order and may do so in the future when and if the marginal cost of coal generation plants is lower than that of gas generation plants. However, the impact to VP&E of this reduction in utilisation rates has been, and management expects it to continue to be, substantially offset by the consistently high availability levels of Huntstown 1 and Huntstown 2, which supports the receipt of capacity payments, higher margins earned on the sale of electricity to Energia's customers and the expansion of Viridian's Renewables (PPA) business, which has also benefited from the increased load factors mentioned above.

Energia

Energia is VP&E's unregulated retail supply business. Energia supplies electricity to business customers in Northern Ireland and the RoI almost entirely with electricity it purchases from the SEM pool, and supplies natural gas to business customers, principally in the RoI. Additionally, as part of its hedging strategy, Energia undertakes wholesale electricity, natural gas and carbon procurement activities on behalf of VP&E.

In the 12 months ended 30 September 2011, Energia was, by volume, the second largest energy supplier in Ireland, with 28% of the business electricity market and 12% of the natural gas market on an all-island basis. In the 12 months ended 30 September 2011, based on publicly available information, management estimates Energia to be the second largest unregulated business electricity supplier in Northern Ireland by volume, with 30% market share in the LEU segment and 26% market share in the SME segment, and the joint second largest electricity supplier in the RoI by volume, with 22% market share in the LEU segment and 35% market share in the SME segment. Energia has also captured a significant share of the natural gas supply market in the RoI since entering that market in 2005 and was, by volume, the largest unregulated natural gas supplier in the 12 months ended 30 September 2011, supplying 19% of the LEU market and 22% of the SME market. As of 31 December 2011, Energia supplied electricity to approximately 62,000 customer sites and natural gas to approximately 4,800 customer sites.

Renewables

VP&E's renewable energy business benefits from a supportive regulatory regime that provides incentives for investments in renewable energy. Renewable energy continues to be a key priority in Northern Ireland and the RoI, with both jurisdictions targeting 40% of electricity generation from renewable sources by 2020. VP&E operates its renewables business through two separate divisions, Renewables (PPA) and Renewables (Owned Assets), as discussed in further detail below.

Renewables (PPA)

VP&E's Renewables (PPA) business purchases renewable electricity through long-term power purchase agreements, or PPAs, with third party wind farm operators, other generators of renewable energy and Viridian-owned wind farms. Electricity purchased from generators with capacity greater than 10MW is sold into the SEM, while electricity purchased from generators with capacity of less than 10MW may be sold directly to Energia. The Renewables (PPA) business provides independent wind farm developers with bankable and competitive PPAs, which generally last for a period of 15 years, reflecting the financing period required for wind farm investments, and, in the RoI, the conditions for the relevant support mechanisms. Other than the five older Viridian-owned wind farms acquired by Viridian in 2008 (which have a combined generation capacity of 24MW) and one third party PPA (which has a generation capacity of 5MW), Viridian's renewable PPAs benefit from renewable support mechanisms in Northern Ireland and the RoI, which are designed to encourage the development of renewable energy.

PPAs are a pre-requisite for renewable generators in the RoI to benefit from the relevant support mechanisms and to underpin the generators' financing arrangements. The Renewables (PPA) business generates a margin on the sale of energy produced by renewables generators with minimal investment of capital. Older PPAs in Northern Ireland are based on a fixed price, while some of the newer Northern Ireland PPAs are variable price contracts. In the RoI, PPAs have historically been based on a fixed price, with some newer PPAs including a variable price element.

As of 31 December 2011, VP&E had PPAs in place in respect of 446MW of renewable capacity in operation, comprising third party wind farm operators in respect of 403MW of capacity, VP&E owned wind farms in respect of 39MW of capacity and third party operators of other renewable sources of energy in respect of 4MW of capacity. Management estimates that, at 31 December 2011, VP&E's PPAs with operational renewable generators represented approximately 20% of the currently operational renewable generation capacity in Ireland. In addition, as of 31 December 2011, VP&E had PPAs in place with wind farms in construction and/or development in respect of 382MW of capacity.

Operational wind farms in Ireland collectively sit at the top of the SEM merit order, which means they are the first to be brought online by the system operator to provide electricity to the market due to their priority dispatch status. As a result, wind farms are typically dispatched ahead of conventional electricity generators.

Renewables (Owned Assets)

The Renewables (Owned Assets) business currently represents the direct investment by Viridian in seven operational wind farms and eight planned wind farms across Ireland. Of the seven operational wind farms, two were constructed by Viridian and five were acquired through Viridian's purchase of EWP in 2008. The eight planned wind farms are in various stages of development, but are expected to commence operations between 2012 and 2014. As of 31 December 2011, VP&E's Renewables (Owned Assets) business had operational capacity totalling 44MW and had capacity under construction totalling 59MW. VP&E also had capacity of 80MW in various stages of development. Viridian's owned wind farms are subject to project finance arrangements on a ring-fenced basis, without recourse to the rest of the business.

As part of the Refinancing, Viridian is effecting the Wind Farm Reorganisation which entails the disposal of substantially all of its ownership interest in its seven operating and three in-construction wind farms assets. Viridian will retain the PPAs relating to the wind farm assets it disposes of and will also retain a pipeline of other renewables projects in development. Viridian expects to retain its current development team to manage these development projects. While Viridian's development pipeline is not part of this proposed disposal, Viridian may hold discussions with interested parties regarding a potential sale of assets in the development pipeline as and when such assets become operational. For further details about this transaction, see "Summary—The Refinancing" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Sale of Viridian's Portfolio of Operating and In-Construction Wind Farm Assets".

Viridian intends to develop its pipeline of renewables projects, including the Northern Ireland development assets, which are expected to have a capacity of 12MWs, and the RoI development assets, which are expected to have a capacity of 68MWs, as this represents an important element of Viridian's strategy to maintain a leading position as a PPA provider.

NIE Energy

NIE Energy is the regulated supply and electricity procurement business of Viridian in Northern Ireland. NIE Energy operates through two business units, Power NI and PPB. For the 12 months ended 31 December 2011, NIE Energy generated £746.6 million in turnover from continuing operations and £25.5 million in Adjusted EBITDA based on, or, after taking into account the adjustments for over/under recovery against, their regulated entitlement. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Power NI

Power NI is the regulated, incumbent electricity supplier for Northern Ireland. As of 31 December 2011, Power NI supplied electricity to approximately 721,000 homes and businesses and management estimates that, in the 12 months ended 30 September 2011, Power NI had a 92% share of the residential market and a 16% share of the business market, in each case, by volume. As a regulated business, Power NI is subject to price control which permits it to recover an allowance calculated by reference to its forecasted operating costs at the time of the relevant price control, plus an allowed margin based on a percentage of forecasted regulated turnover.

PPB

Like Power NI, PPB is subject to price control, which entitles it to an allowance (effectively a management fee) for the administration and management of a portfolio of PPAs with three power stations in Northern Ireland (Ballylumford, Kilroot and Coolkeeragh). The PPAs are a legacy of the restructuring of the electricity industry in Northern Ireland, which was effected in 1992 as part of the privatisation of the previously publicly owned Northern Ireland Electricity Service.

As of 31 December 2011, PPB held contracts for 1,012MW of generating capacity. PPB makes availability payments to contracted generators when they are available to generate electricity, and, if a unit generates electricity, further payments are made to meet its fuel and carbon costs (net of the value of any free carbon allocation received under the National Allocation Plan).

In the administration of its PPAs, PPB acts as an intermediary in the SEM, which means that PPB sells the capacity contracted and the electricity purchased under the PPAs into the SEM and receives SEM revenues (*i.e.*, capacity payments and energy payments) attributable to that capacity and electricity in return. PPB also offers CfDs to SEM participants and sells ancillary services, such as operational reserve and voltage support, to the Northern Ireland transmission system operator, SONI.

If the revenue that PPB receives from the SEM pool and through the sale of ancillary services is insufficient to cover its total costs incurred under the PPAs (*e.g.,* availability payments and energy payments, among others), any shortfall can be recovered via PSO charges collected by NIE on behalf of PPB through the PSO Levy that is charged to suppliers and passed on to customers. Conversely, PPB is also required to return any surplus revenue it receives. Electricity and natural gas price volatility is hedged through CfDs based on SMP and through commodity hedging.

Competitive Strengths

Management believes that the following are among Viridian's key competitive strengths:

A vertically integrated utility with a natural hedge against movements in energy prices

VP&E's vertically integrated structure (comprising both electricity generation and supply) provides Viridian with a number of competitive advantages.

- Huntstown sells the electricity it generates to, and Energia purchases most of the electricity it supplies from, the SEM pool. VP&E accordingly benefits from a natural hedge against SMP volatility due to the extent of the overlap of generated and purchased electricity. In First Nine Months 2012, Energia's customer demand was 4.2TWh, with generation of 3.7TWh coming from VP&E's thermal and renewables portfolio, which represents approximately 88% of Energia's demand requirements.

- The natural hedge between generation and supply, along with Viridian's other hedging activities (*i.e*., gas, carbon, foreign exchange and CfDs), allows Energia to offer fixed price terms to certain customers, which substantially mitigates Viridian's exposure to the effects of changes in SEM pool prices. This natural hedge also reduces the extent to which Viridian is required to post collateral in connection with its purchase of electricity from the SEM pool.

- Vertical integration also allows Viridian to leverage its position as a generation and supply utility to capture available margins in all parts of the value chain. For example, Viridian has been able to combine its experience in procuring natural gas for its Huntstown plants with its sales experience with commercial customers to build a sizeable retail natural gas business. This has created an opportunity to derive further margins by optimising natural gas capacity procurement, which is required both for Viridian's Huntstown plants and for its retail natural gas business.

Highly defensible leading market positions

Viridian has leading market positions in the majority of its regulated and unregulated electricity supply businesses. Viridian's integrated business model provides it with an advantage over non-integrated competitors along the value chain, which enables Viridian to defend its strong market positions in unregulated electricity supply in both Northern Ireland and the RoI. The absence of integration represents a barrier to market entry in the supply business, and Viridian's various value-added products and services provide a further competitive advantage.

Power NI is the regulated, incumbent electricity supplier in Northern Ireland with, based on management estimates, a 92% share of the residential market and a 16% share of the Northern Ireland business market by volume in the 12 months ended 30 September 2011. Management believes that customer switching rates in the residential market will remain low due to the relatively low regulated margin, the limited possibility for competitors to offer dual-fuel products (*i.e.*, the ability to make a combined offer to supply both electricity and natural gas) in a market with limited natural gas penetration and relatively high customer acquisition costs. Power NI's excellent customer service record and low service costs also promote customer loyalty.

Based on publicly available information, management believes Energia to be the second largest unregulated business electricity supplier in Northern Ireland by volume, with a 30% market share in LEUs and 26% in SMEs and the joint second largest supplier in the RoI, with a 22% market share in LEUs and 35% market share in SMEs in the 12 months ended 30 September 2011. Energia has also captured a significant share of the natural gas supply market in the RoI since entering that market in 2005, and, in the 12 months ended 30 September 2011, was the largest unregulated natural gas supplier by volume, supplying 19% of the LEU market and 22% of the SME market. Energia has a diversified customer base ranging from single- and multi-site SMEs, to large public sector entities, including public (municipal) authorities and large multinational corporations diversified across multiple sectors such as retail, telecommunications, manufacturing and pharmaceuticals. During its almost 12 years of operation in Northern Ireland and 11 years in the RoI, Energia has managed to grow market share in the business market through a strong key account management team servicing larger customers, and a dedicated sales agent channel for smaller customers. Energia offers a range of value-added products and other services, including a sophisticated online data management tool and an energy efficiency service, both of which are designed to save administration costs and manage energy consumption for its customers.

Management believes that the risk of significant customer attrition resulting from new competitors entering the market in the near- to medium-term is low due to Viridian's low cost base, attractive value-added customer offerings, the current lack of liquidity in the market for SEM CfDs and the fact that Viridian's customer prices change regularly to reflect commodity price movements. Furthermore, according to the Generation Capacity Statement 2012–2021, the only new CCGT capacity expected to come online during the near term, the 459MW Endesa plant, will have its firm access to the grid limited to 216MW until 2021. As a result, any new supplier looking to create a sizeable market position in the near term would likely need to do so without establishing a significant power generation capability, which would entail significant commercial risk.

Modern and efficient electricity generation plants

Through its Huntstown business unit, Viridian owns and operates two modern CCGT electricity generation plants (Huntstown 1 and Huntstown 2), each of which benefits from high efficiency and low CO_2 emissions. The Huntstown plants have a combined generation capacity of 747MW and are able to supply approximately 11% of peak electricity demand or approximately 32% of business demand on an all-island basis (based on estimated peak demand of approximately 7,000MW). The Huntstown plants are subject to long-term service agreements with their turbine manufacturers. Both plants have experienced high availability levels since being commissioned, with Huntstown 1 achieving a historical average availability of approximately 94% between 2002 and 2010 and Huntstown 2 achieving a historical average availability of approximately 95% between 2007 and 2010. These high availability levels serve to support Viridian's earnings and cash flow through the receipt of capacity payments. The plants have also experienced high utilisation rates historically, averaging 71% in First Nine Months 2012, 82% in Fiscal Year 2011 and 95% in Fiscal Year 2010. The recent reduction in utilisation rates of Huntstown 1 and Huntstown 2 reflects the full-year impact of the additional capacity of the Aghada and Whitegate CCGT plants, commissioned in April 2010 and November 2010, respectively, increased load factors of renewables and, most recently, the reduction in the cost of carbon. This reduction in the cost of carbon has improved the position of one of Ireland's coal generation plants relative to Huntstown 1 and Huntstown 2 in the SEM merit order and may do so in the future when and if the marginal cost of coal generation plants is lower than that of gas generation plants. This reduction has been mitigated by the high availability levels at both plants which supports the receipt of capacity payments, higher margins on the sale of electricity to retail customers, and the expansion of Viridian's Renewables (PPA) business, which has benefited from the increased load factors referred to above. See "—Viridian's Business Units—VP&E—Huntstown—Operational performance of Huntstown 1 and Huntstown 2".

Resilient cash flow generation throughout the economic cycle

Despite the challenging economic environment in recent years, Viridian has been able to deliver strong cash flow generation, evidenced by a high EBITDA to free cash flow conversion rate underpinned by a number of factors, including the following:

- A significant portion of Viridian's Adjusted EBITDA is derived from Power NI and PPB's regulated businesses. Power NI and PPB are subject to price control, which allows them to recover an allowance calculated by reference to their forecasted operating costs at the time of the relevant price control and residual depreciation plus an allowed margin. In addition, generators like Huntstown benefit from the CPM which provides a "regulated-like" income stream in that the CPM provides income based on plant availability as opposed to on the basis of actual plant output.

- Viridian's modern and efficient generation assets and renewable PPAs occupy an attractive position across the merit order. Furthermore, the Huntstown plants are subject to long-term service agreements with their turbine manufacturers and, therefore, benefit from predictable maintenance costs.

- Viridian's cash flows are protected against volatility in SMP prices through the natural hedge provided by its vertically integrated business model, as well as through CfDs with ESB and other parties. Viridian also proactively hedges its exposure to commodity prices and foreign exchange through derivative financial instruments and engages in the forward physical purchase of CO_2 emissions allowances.

- Energia and Power NI have historically been successful at maintaining low bad-debt levels with their supply customers. For Fiscal Year 2011, their bad debt to turnover ratio was less than 0.5%. This was achieved through proactive credit management, including a focus on creditworthiness at the time of customer acquisition, and the use of pre-pay keypads (in Fiscal Year 2011, approximately 23% of Power NI's customers (by value) paid using pre-paid keypads) and direct debit payment plans (in Fiscal Year 2011, approximately 70% of Energia's customers (by value) and approximately 41% of Power NI's customers (by value) paid using a direct debit payment plan). In addition, Viridian further reduces the risk of customers defaulting by using credit insurance in respect of certain customers.

In addition to the above, Viridian's cash flows are protected by its strong market positions across its businesses and the barriers to entry, as described above under the heading "—Highly defensible leading market positions".

Strong position in renewables

Renewable energy continues to be a key priority for Northern Ireland and the RoI. Both jurisdictions target 40% of electricity to be generated from renewable sources by 2020, compared to the year ended 31 December 2010, when 12% of Ireland's electricity was generated from renewable sources. To meet these targets both jurisdictions have implemented regimes to incentivise renewable generation capacity.

The RoI has implemented the Renewable Energy Feed In Tariff, or REFIT, which effectively provides floor price protection to generators of renewable electricity by compensating suppliers for the additional cost of purchasing power from renewable sources over and above an inflation indexed reference price for electricity, thereby allowing such suppliers to offer a guaranteed floor price to generators.

In line with the UK regime for supporting renewable energy, Northern Ireland has established "Renewable Obligations" that require electricity suppliers to procure a certain proportion of electricity from renewable sources. Renewable generators are awarded free ROCs based on MWhs of electricity generated. ROCs can be traded and are fully fungible in the UK, and their value is supported by a buyout price, which is indexed to inflation, and the fact that the level of the renewable obligations is set at a level that is higher than the expected output from the available renewable generation capacity. Suppliers, such as VP&E, receive ROCs under PPAs upon their purchase of renewable energy or buy them in case of a shortfall against their renewable obligation. Suppliers with insufficient ROCs are required to pay the buyout price, and the value of buyout payments is redistributed to electricity suppliers in proportion to the number of ROCs held in order to ensure that the value of the ROCs remains at a premium to the buyout price.

These mechanisms provide support to the operating results of Viridian's Renewables businesses. Access to renewable support mechanisms is expected to continue to underpin the performance of renewable generation. Viridian expects to continue to benefit from these support mechanisms as its Renewables (PPA) business develops. A further benefit from Viridian's strong position in renewables is the fact that, under the SEM, wind farms sit at the top of the SEM merit order and are generally entitled to "priority dispatch", which generally means wind farms are dispatched whenever they are capable of generating electricity.

VP&E's Renewables (Owned Assets) business had operational capacity totalling 44MW as of 31 December 2011, and currently has a further 139MW in various stages of development and/or construction, with approximately eight sites expected to commence operations over the next three years. Although Viridian is effecting the Wind Farm Reorganisation, it will retain its existing PPAs relating to those assets and will also retain a pipeline of other renewables projects in development. Viridian intends to develop its pipeline of renewables projects, including the Northern Ireland development assets, which are expected to have a capacity of 12MWs, and the RoI development assets, which are expected to have a capacity of 68MWs, as this represents an important element of Viridian's strategy to maintain a leading position as a PPA provider. See "Summary—The Refinancing" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Sale of Viridian's Portfolio of Operating and In-construction Wind Farm Assets".

As of 31 December 2011, VP&E's Renewables (PPA) business had operational PPAs in place with capacity of 446MW, and it has PPAs in place with wind farms and generators of other renewable sources that are currently in construction and/or development in respect of 382MW of capacity. According to data from the Irish Wind Energy Association, Viridian was expected to have PPAs in place with 63% (by MW) of the wind generation built in the RoI over the course of 2011.

Strong management with proven track record

The collective industry knowledge and leadership of Viridian's management team and their record of accomplishment in responding to challenging economic conditions are key assets to the business. Viridian's senior management team consists of five individuals with over 70 years of combined experience with Viridian, and over 78 years of experience in the energy industry. They were a core part of the Viridian team that oversaw the successful growth in generation capacity, including the commissioning of Huntstown 1 in 2002 and Huntstown 2 in 2007, which were both delivered on time and within budget; and they have successfully completed Viridian's first two wind farm construction projects, which commenced commercial operations in October 2010 and August 2011. Additionally, the team developed the Energia supply business into one of the largest independent suppliers in Ireland, while also building up the Renewables (PPA) business. The team also established and developed the NIE Energy businesses on a stand-alone basis, preparing them for their formal carve-out from NIE in 2007 and successful operation thereafter. The team is highly regarded throughout the industry, has excellent relationships with regulators and government departments and has been directly involved in the strategic development of the energy markets in which it operates.

Strategy

Viridian is focused on leveraging its integrated business model to maintain and enhance its position as a leading independent all-island energy utility and to capture available margin arising in all parts of the value chain. Management is focused on the following five strategic objectives underpinning Viridian's strategy.

Improve profitability and maintain stable cash flows

Viridian seeks to improve profitability by actively managing its wholesale portfolio and achieving efficiencies in its cost base. For example, it seeks to optimise its procurement of natural gas for Huntstown by balancing this procurement function with the supply of natural gas to Energia's retail gas customers. Viridian also seeks to exploit margin opportunities through trading related to the Moyle Interconnector and contracts with third party suppliers, and to reduce its cost base.

Management is also focused on optimising Viridian's customer base by increasing the proportion of its customer base represented by small businesses and pursuing customers and customer segments with higher credit quality in order to maintain a low level of outstanding customer debts compared to its industry peers. Viridian plans to continue to monitor and improve the creditworthiness of its customer base, while at the same time continually improving efficiency and customer service to retain and foster customer loyalty.

Viridian seeks to maintain stable cash flows by hedging its exposure to SEM prices by leveraging its integrated business model, which provides Viridian with a natural hedge, and by utilising CfDs with third-parties. Viridian also seeks to manage its exposure to commodity input costs (natural gas and carbon), and exchange rates through the use of hedging contracts and physical forward purchases.

Viridian maintains robust risk management policies with regard to, among other things, wholesale electricity prices, competition in the electricity generation and supply markets, availability of the Huntstown generation and owned wind farm businesses, regulation and legislation, and financial controls.

Maintain high availability of generation plants

Viridian seeks to maintain regulated-like capacity payment earnings through continued maintenance of its Huntstown plants to sustain the high availability achieved historically. The maintenance of the Huntstown plants is covered by long-term service agreements with their turbine manufacturers. Viridian expects the utilisation of the Huntstown plants to decrease as further generation plants, primarily those with wind capacity, come online. In addition, the recent decrease in carbon prices has reduced, and may further reduce, utilisation at the Huntstown plants. However, Viridian also expects that its growing access to renewable wind energy through PPAs will offset the financial impact of the reduced utilisation at Huntstown.

Continue to drive growth through expansion in renewables

Viridian continues to expand its presence in renewables by using its expertise and reputation to contract new PPAs with generators of renewable energy. Viridian has extensive internal development expertise, technical know-how and market knowledge, which it has developed primarily by integrating the skills of its existing management team and employees with those of EWP (who are expected to be retained following the sale of the operational wind farms), which Viridian acquired in 2008. Viridian strengthened this expertise by completing its first two wind farm construction projects in Fiscal Year 2011 and First Nine Months 2012 on budget. Viridian intends to exploit this expertise in order to complete further development projects in its renewables portfolio.

Although Viridian is effecting the Wind Farm Reorganisation, it will retain its existing PPAs relating to those assets and will also retain a pipeline of other renewables projects in development and expects to retain the development team from EWP. Viridian intends to develop its pipeline of renewables projects, including the Northern Ireland development assets, which are expected to have a capacity of 12MWs, and the RoI development assets, which are expected to have a capacity of 68MWs, as this represents an important element of Viridian's strategy to maintain a leading position as a PPA provider. To that end, Viridian intends to continue to expand its PPA business in Northern Ireland and the RoI through significant expansion of its Renewables (PPA) business, in part, by leveraging its experience as a developer of wind farm assets, which has provided it with significant market knowledge, industry contacts and credibility in the market. See "Summary—The Refinancing" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Sale of Viridian's Portfolio of Operating and In-construction Wind Farm Assets".

Focus on customer retention

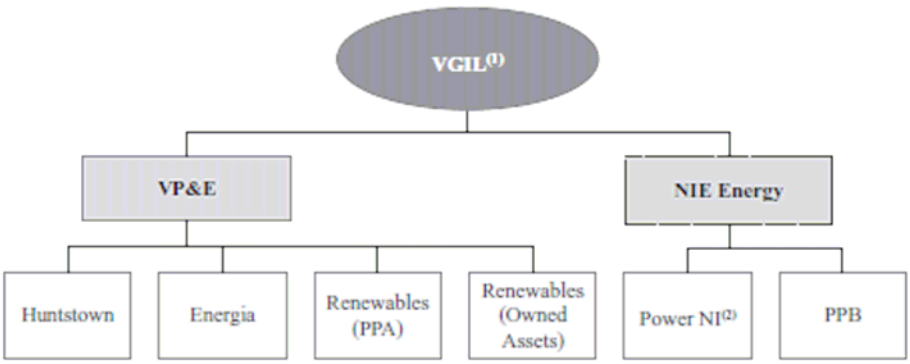
Viridian seeks to retain its customers through the provision of high quality customer service and key differentiating services and avoid competing solely on the basis of price. Viridian currently offers energy efficiency consulting services throughout Ireland and operates a dedicated key account management service for large consumption customers and a sales agent channel for smaller customers. Viridian currently supplies 97% of residential pre-pay keypad customers in Northern Ireland, offers a range of online billing and consumption monitoring services tailored to meet customer requirements and provides customers with access to the market if they operate micro-renewable generation, such as solar panels. In its effort to provide a competitive product offering to its customers, Viridian leverages its natural gas procurement activities for the Huntstown plants in combination with its sales expertise in order to provide a range of contract options to electricity customers, such as fixed price contracts, contracts indexed to market fuel, currency and carbon prices, and SEM price-based contracts. Viridian also offers natural gas contracts to industrial and other commercial customers.

Maintain active engagement with regulators and key lobby groups

Viridian seeks to maintain the stability of its regulated and regulated-like earnings through close interaction and constructive engagement with regulators, government departments and customer representatives. Viridian has long-standing relationships with regulatory bodies, such as the CER and the NIAUR, and engages closely with these entities in the regulatory process to ensure that enacted regulations are both fair and practical. Viridian plans to continue to engage closely with these entities on matters of regulation, competition, price and service in the future. Viridian is also an active member of a number of key industry groups, such as the Confederation of British Industry, Irish Business and Employers Confederation, Irish Wind Energy Association, Economic and Social Research Institute and National Electricity Association of Ireland, and is a founding member of the Energy Saving Trust.

Corporate Organisation

Viridian Group Investments Limited ("VGIL") is a holding company with no business operations of its own. All of its significant operating subsidiaries are owned directly or indirectly through intermediate holding companies. The following chart represents Viridian's current operational structure and not Viridian's legal or ownership structure.



Notes:

(1) See note 12 to the Consolidated Financial Statements for a list of the subsidiaries of Viridian Group Investments Limited.

(2) Power NI is the regulated, incumbent electricity supplier in Northern Ireland.

Viridian's Business Units—VP&E

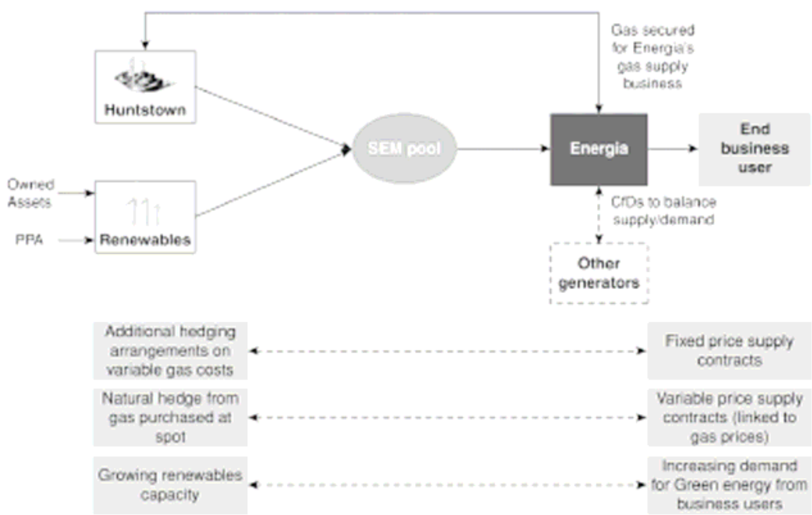
Within VP&E, there are four business units, comprising (i) Huntstown, an independent electricity generator located in the RoI, (ii) Energia, an electricity and natural gas supplier to businesses across Northern Ireland and the RoI, (iii) Renewables (PPA), a unit that sources renewable power generation under PPAs with third parties and VP&E's Renewables (Owned Assets), and (iv) Renewables (Owned Assets), a portfolio of Viridian-owned wind farm assets.

VP&E's generation business (Huntstown) and its supply business (Energia) are considered a single unit for reporting purposes. Although VP&E's generation business is prohibited under a licence obligation from selling electricity to any entity other than the SEM pool, the fact that Huntstown sells the electricity it generates to, and Energia purchases the electricity it supplies from, the SEM pool provides VP&E with a natural hedge against SMP volatility. See "—Competitive Strengths—A vertically integrated utility with a natural hedge against movements in energy prices". This natural hedge operates effectively to the extent that supply by Huntstown matches demand in Energia. Energia's customer demand profile, both intra-day and on an overall basis, is generally higher than Huntstown's supply. In First Nine Months 2012, Energia's customer demand was 4.2TWh, with generation of 3.7TWhs coming from VP&E's thermal and renewables portfolio, which represents approximately 88% of Energia's demand requirements. Energia also hedges exposure to the primary variable generation costs of natural gas, carbon, foreign exchange and CfDs, based on the level of fixed price elements of supply contracts sold by Energia.

VP&E's Vertically Integrated Model

VP&E's vertically integrated model, combining energy generation and supply, provides Viridian with a number of competitive advantages, including a natural hedge against movements in SEM pool prices, cost savings through reduced collateral requirements, and the ability to leverage experience gained in one area of the business to grow revenues in other areas. These benefits are discussed under the heading above entitled "—Competitive Strengths—A vertically integrated utility with a natural hedge against movements in energy prices".

The following diagram reflects VP&E's vertically integrated model.



Huntstown

Huntstown comprises two CCGT plants (Huntstown 1 and Huntstown 2) located on the outskirts of Dublin with a total combined generation capacity of 747MW, meeting approximately 11% of peak electricity demand and approximately 32% of business demand on an all-island basis (based on estimated peak demand of approximately 7,000MW). Huntstown 1 and Huntstown 2 were commissioned in November 2002 and October 2007, respectively. The power stations hold separate generation licences issued by the CER, and their operations have historically met management's annual business plans in terms of availability, reliability and thermal efficiency (which is measured by a comparison of a plant's output and its relative costs to operate). As required by market regulation, Huntstown sells the electricity it generates into the all-island single electricity market, or SEM pool, for which it receives the SMP (unless there is constraint, in which case output is sold at bid price). The SMP is received by all generators who were scheduled to have run by the market operator and reflects the marginal cost of the last generating unit called to meet demand. As the most economically efficient generators are dispatched first under the SEM, the Huntstown generation stations have seen high levels of utilisation as they are highly efficient. See "Industry Overview" for a discussion on the SEM and the SMP.

In addition to revenues from the sale of electricity, Huntstown also receives capacity payments based on the generation capacity it makes available to the market under the CPM which was established by the regulatory authorities as part of the design of the SEM to provide an incentive to generators, such as Huntstown, to invest in generation capacity and also to maintain availability levels. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Results of Operations—Capacity and availability—Capacity payments".

As both Huntstown 1 and Huntstown 2 sell all their output directly into the SEM pool, Huntstown does not have PPAs in place. The table below sets out certain information in respect of each of Huntstown 1 and Huntstown 2:

	Gross capacity (MW)	Design	Operating date

Huntstown 1	343	Siemens gas turbine split shaft	November 2002
Huntstown 2	404	Mitsubishi single shaft system	October 2007

Technical summary of Huntstown 1 and Huntstown 2

Huntstown 1 is a 343MW CCGT based on Siemens SGT5-4000F gas turbine technology. It consists of a split shaft design of one gas turbine and generator coupled with an unfired boiler raising steam for the other half of the unit which comprises a steam turbine and second generator. Cooling is provided by an air-cooled condenser wherein the condensed steam is returned to the plant to be recycled. Distillate oil is provided as a back-up fuel, and the station has on-site fuel storage and handling facilities with fire fighting infrastructure.

Huntstown 2 is a 404MW CCGT based on Mitsubishi Heavy Industries 701F GT technology in single-shaft configuration. It comprises one gas turbine coupled with an unfired boiler raising steam for one steam turbine. Cooling is provided by an air-cooled condenser wherein the condensed steam is returned to the plant to be recycled. As is the case for Huntstown 1, distillate oil is provided as a back-up fuel, and the station has on-site fuel storage and handling facilities with fire fighting infrastructure.

Operational performance of Huntstown 1 and Huntstown 2

Huntstown 1 and Huntstown 2 are modern CCGT plants and, in management's view, among the most reliable conventional plants in Ireland, as evidenced by their high availability levels since being commissioned, with Huntstown 1 achieving a historical average availability of approximately 94% between 2002 and 2010 and Huntstown 2 achieving a historical average availability of approximately 95% between 2007 and 2010, each according to management estimates. Furthermore, thermal efficiency and output levels achieved at both plants have been in line with management's expectations.

Utilisation levels at both plants have been relatively high over the past two years (on average, 71% in First Nine Months 2012, 82% in Fiscal Year 2011 and 95% in Fiscal Year 2010). Huntstown 1 has achieved 61.3% and 80.3% in First Nine Months of 2012 and 2011, respectively. Huntstown 2 has achieved 78.1% and 86.7% in First Nine Months of 2012 and 2011, respectively.

The recent reduction in utilisation rates at these plants reflects the full-year impact of the additional capacity of the Aghada and Whitegate CCGT plants, commissioned in April 2010 and November 2010, respectively, increased load factors of renewables and, most recently, the reduction in the cost of carbon. This reduction in the cost of carbon has improved the position of one of Ireland's coal generation plants relative to Huntstown 1 and Huntstown 2 in the SEM merit order and may do so in the future when and if the marginal cost of coal generation plants is lower than that of gas generation plants. However, the impact for VP&E of this reduction in utilisation rates has been, and management expects it to continue to be, substantially offset by the consistently high availability levels of Huntstown 1 and Huntstown 2, which support the receipt of capacity payments, higher margins earned on the sale of electricity to Energia's customers and the expansion of Viridian's Renewables (PPA) business, which has benefited from the increased load factors mentioned above.

The following table provides a summary of plant utilisation at Huntstown 1 and Huntstown 2 for Fiscal Years 2011 and 2010 and First Nine Months 2012 and 2011.

	Year ended 31 March		**First Nine Months**	
	2011	**2010**	**2012**	**2011**
Utilisation (%)				
Huntstown 1	76.4	94.7	61.3	80.3
Huntstown 2	86.8	94.8	78.1	86.7

Viridian expects the utilisation of the Huntstown plants to decrease over time owing to the full year effect of the Aghada and Whitegate plants, further penetration by wind capacity and the impact of a higher allocation of transmission loss adjustment factors to the Huntstown plants (transmission loss adjustments are applied to generators connected to the transmission network to allocate losses occurring as electricity is transported to the transmission/distribution interface). See "Risk Factors—Risks Related to the Group's Business—Surplus capacity could result in lower than expected profits". However, Viridian expects that its growing access to wind farm capacity through renewable PPAs will partially offset the impact of decreasing plant utilisation at its Huntstown plants.

Certain key performance indicators

Huntstown 1 and Huntstown 2 accounted for 95% of VP&E's electricity generation (measured by installed capacity) for Fiscal Year 2011, excluding capacity from its Renewables (PPA) business. The Huntstown CCGT plants have historically been among the most reliable in Ireland. However, planned outages for maintenance and for other reasons are required and unplanned outages may also occur from time to time.

Viridian plans for a certain number of outage days each year at the Huntstown plants for maintenance and other work. In First Nine Months 2012, Huntstown 1 experienced 6 days of planned outage while Huntstown 2 experienced 14.2 compared to 28.5 days and 11.5 days, respectively, in First Nine Months 2011. In Fiscal Year 2011, Huntstown 1 experienced 28.5 days of planned outages while Huntstown 2 experienced 16.0 days, compared to 5.0 days and 18.5 days, respectively, in Fiscal Year 2010. Planned outages vary each year based on the maintenance schedule agreed with Siemens in relation to Huntstown 1 and Mitsubishi in relation to Huntstown 2.

Management expects that, as is the case with any CCGT plant, unplanned outages will occur at the Huntstown plants, and the unplanned (forced) outage assumption for both plants is 3%, which is in line with historical levels of unplanned outage time. Huntstown 2 experienced a significant unplanned outage in June 2009, when operations staff identified that the main stop valve for reheat steam to the steam turbine failed to close fully, resulting in a seven-day outage. In May 2011, the Huntstown 1 plant experienced an 18-day unplanned outage due to the extension of a planned outage in order to remedy damage caused by the failure of a combustion chamber heat shield. Like all generators in the SEM, Huntstown faces charges for variations in the availability of a committed plant or for unscheduled outages of dispatched plants.

The following table provides a summary of availability at Huntstown 1 and 2 for Fiscal Years 2011 and 2010 and First Nine Months 2012 and 2011.

	Fiscal Year		First Nine Months	
	2011	**2010**	**2012**	**2011**
Availability (%)				
Huntstown 1	91.8	98.6	91.1	89.2
Huntstown 2	93.0	91.1	95.5	93.4
Wind farms (direct investments)	95.6	92.6	97.4	95.5

Fuel supply

Both plants use natural gas as their primary input but can switch to distillate oil if natural gas is unavailable for any reason. While such a switch would reduce the efficiency of the plants, Viridian does not expect that it would switch to distillate oil unless there was a shortage of natural gas or a physical gas transportation interruption. Energia supplies the plants with natural gas purchased under flexible purchasing agreements that do not have any minimum specified volumes. Prices under these agreements can be fixed, or natural gas can be purchased at spot prices, depending on Energia's hedging strategies and the requirements of its retail customers. Distillate oil is provided by various suppliers.

Energia, on behalf of the plants, optimises the natural gas capacity bookings required for the plants by aligning its customers' demand for natural gas and the procurement of natural gas from BGE on an annual, monthly or daily basis, the tariffs for which are regulated and set annually. Energia trades capacity on this secondary market with a number of counterparties enabling the purchase of capacity at prices below the regulated tariffs and also the sale of capacity during periods of excess (for instance during planned maintenance).

Operations and maintenance

Huntstown 1

Huntstown 1 has a fixed price long-term management agreement, or LTMA, with Siemens for the gas turbine and specialist maintenance services and parts relating to the station. To date, nine of the 12 LTMA annual scheduled outages have been successfully completed and the agreement is due to continue to 2014. An extension of the LTMA is currently being assessed whereby management intends to review its contract with Siemens to cover: life extension components; greater operational flexibility; and widening the scope to cover the long-term maintenance needs of the compressor and steam/gas turbine generators.

The LTMA incorporates a performance incentive scheme in relation to the minimisation of combined scheduled and forced outage days in a three-year maintenance cycle along with industry standard warranties on parts and services. A warranty as to output and efficiency performance level before and after servicing is also part of the agreement.

The plant operates a computerised maintenance management system to identify and control maintenance requirements. This product, PRISM, is well established, licenced and supported by RWE, a leading integrated energy company. PRISM is not used for contract management but does provide a stock management system to Viridian's SAP accounting system.

Huntstown 2

Huntstown 2 and Mitsubishi Corporation have also entered into a long-term services agreement, or LTSA, for services including the provision of planned maintenance, spares, performance monitoring, parts management, support services and expert advice in relation to specifically described critical plant components within the plant over a period of up to either 12 annual events of planned maintenance or 108,800 equivalent operating hours (EOH) from initial firing.

The LTSA incorporates a performance incentive scheme in relation to the measurement of output and heat rate against a predetermined degradation curve. Performance tests are carried out after the completion of each event of planned maintenance and a deferred bonus payment or immediate shortfall payment is made accordingly, which is reflected in the Group's accounts, the aggregate amount of which will be paid out at the end of the 12th year.

Permits and licences

Huntstown 1 and 2 hold separate licences to generate electricity issued by the CER under Section 14 (1)(a) of the Electricity Regulation Act, 1999. Huntstown 1 and 2 both hold Integrated Pollution Prevention Control, or IPPC, licences which are in line with industry standards and do not include any limits that are considered to impose unduly harsh restrictions on the plants' day-to-day operation.

Health and safety

Management believes that, by industry standards, the health and safety record of the Huntstown site has been very good during both construction and operation. The site has safety accreditation to Occupational Health & Safety Advisory Services, or OHSAS 18001. Huntstown underwent a health and safety inspection under OHSAS 18001, an internationally recognised assessment specification for occupational health and safety management systems, in 2010 and expects to undergo the next inspection in 2013. The site has experienced no major injuries and only four lost time accidents (over three days' absence) during both construction and operation, which all related to minor incidents. Safety responsibilities are managed through line management with a nominated safety engineer role within the plant management team and specialist support is made available through the Viridian Group organisation supported by a qualified third party. The function is subject to periodic internal and external reviews.

Environmental summary

Huntstown 1 and 2 have an environmental management system in place that has been accredited to the internationally recognised ISO 14001 standard. The site has established a positive working relationship with the Environmental Protection Agency (EPA) in the RoI which regulates the environmental performance of each station. Each station has its own IPPC licence and both plants have operated within the imposed limits for emission to air, water and land. The plants comply with emission limits for nitrogen oxides and carbon monoxide. There are no known noise issues that could impact on the plants' continued operation and aqueous emissions are in full accordance with the EPA's limits specified for the plant. Emission reports for both plants are filed annually with the EPA and are a matter of public record.

EU Emissions Trading Scheme (EUETS)

Under the EUETS, generators must monitor and annually report their CO_2 emissions. In addition, generators are required each year to surrender an amount of emissions allowances to the government that is equivalent to their independently verified CO_2 emissions in that year. In 2008, Huntstown 1 and Huntstown 2 received allocations of free CO_2 allowances in line with all established generators in the RoI for phase 2 of the EUETS, representing 1,540,209 tonnes of CO_2 (Huntstown 1—727,124 tonnes, Huntstown 2—813,085 tonnes). Any shortfall in the free allocation of CO_2 must be covered by purchased credits. The purchase of CO_2 credits is carried out by VP&E's trading function with financial counterparties. Compliance has been maintained with the EUETS through the appointment of approved external verifiers and the timely surrender of CO_2 credits to match the actual tonnes emitted.

The RoI's government has enacted legislation to impose the Carbon Revenue Levy on generators, including Huntstown, with effect from 1 July 2010 until 31 December 2012 (the end of phase 2 of the EUETS). The levy is calculated based on 65% of the volume of CO_2 emitted by generators multiplied by the average price of CO_2 on a quarterly basis, and equalled £10.4 million for Huntstown in Fiscal Year 2011 and £7.8m for the First Nine Months 2011.

Energia

Energia is VP&E’s unregulated retail supply business, which sells electricity primarily to business customers in Northern Ireland and the RoI. Energia also sells natural gas to its business customers. In the 12 months ended 30 September 2011, Energia was, by volume, the second largest energy supplier in Ireland, with 28% of the business electricity market and 12% of the natural gas market on an all-island basis, and is part of a vertically integrated energy business with access to both conventional and renewable power, including wind power supplied by VP&E’s Renewables (PPA) and (Owned Assets) businesses. It supplies electricity and natural gas to the business market only, and has no presence in the residential supply market. In Fiscal Year 2011, electricity and natural gas supply accounted for approximately 90% and 10% of Energia’s revenue, respectively, and in First Nine Months 2012, electricity and natural gas supply accounted for approximately 91% and 9% of Energia’s revenue, respectively. Energia had approximately 62,000 electricity customer sites and approximately 4,800 natural gas supply customer sites at 31 December 2011.

Energia is also responsible for VP&E’s hedging activities, which include wholesale energy trading, including trading of baseload CfDs on the wholesale market and trading energy purchased from power in Great Britain via the Moyle Interconnector.

Energia has offices in Belfast, Dublin, Cork and Galway. The majority of staff are based at the Belfast office, with the Dublin, Cork and Galway offices operating primarily as sales offices. See “—Employees”.

Electricity supply

Energia’s electricity supply customer base is split into two specific segments, LEUs and SMEs. LEUs are mainly large industrial and commercial users while SMEs represent the middle and small business segments, and include the services sector, central and local government and small industrial premises.

In First Nine Months 2012, Energia had approximately 62,000 electricity customer sites in Northern Ireland and the RoI with a total sales volume of 4.2TWh (5.9TWh in Fiscal Year 2011). Energia held approximately 22% and 30% market shares of the LEU markets in the RoI and Northern Ireland markets, respectively, in the 12 months ended 30 September 2011, compared to 22% and 33%, respectively, for Fiscal Year 2011. The decrease in market share in Northern Ireland in First Nine Months 2012 was due in part to a strategic decision by management to shift focus from LEU customers to more profitable SME customers by increasing the proportion of small businesses, as well as increased competition in the segment. Energia has limited customer concentration, with its top 10 customers representing 29% of revenue in Northern Ireland and 17% of revenue in the RoI as of 31 December 2010 based on management’s estimates.

Competition in the LEU segment in both the RoI and Northern Ireland is relatively mature as both markets have been open to competition for a number of years and there are no regulated tariffs in this segment.

Competition in the SME business segment has only developed since 2004, during which time Energia has built a sizeable market share. In First Nine Months 2012, Energia’s RoI SME retail volume was 2.1TWh reflecting a 35% market share and Northern Ireland SME retail volume was 0.6TWh reflecting a 26% market share. In Fiscal Year 2011, Energia’s RoI SME retail volumes were 2.8TWh, reflecting a 34% market share. Northern Ireland SME retail volumes were 0.9TWh, reflecting a 26% market share. Regulated tariffs in the medium and small business electricity supply segments were removed in the RoI in October 2010. However, regulated tariffs remain in the Northern Ireland market for Power NI customers with an annual consumption of less than 150MWh.

Energia purchases the majority of its electricity from the SEM pool, with the rest coming from generators with capacity of less than 10MW who are not required to sell through the SEM pool. Although Energia does not directly purchase electricity from VP&E’s Huntstown power plants, the fact that VP&E both supplies into, and purchases from, the SEM pool provides Viridian with a natural hedge against movements in SEM pool prices. This natural hedge operates to the extent that generation at Huntstown matches demand in Energia. See “—Viridian’s Business Units—VP&E—Huntstown” for further details.

Natural gas supply

In 2005, Energia entered the natural gas supply market as part of a dual fuel strategy to improve customer retention levels and capture a higher combined electricity and natural gas margin per customer. Energia provides natural gas supply to its LEU customers, including a number of leading multinational corporations and public sector entities in the RoI. It also supplies natural gas to Huntstown 1 and 2 at the market price.

Energia sources the majority of its natural gas supply requirements from two major suppliers, pursuant to flexible purchasing agreements, with no minimum specified volumes. Prices under these agreements can be fixed, or natural gas can be purchased at spot prices, depending on Energia's hedging strategies and the requirements of its retail customers.

As at 31 December 2011, Energia had contracted approximately 4,800 customer sites in the RoI, supplying approximately 56.5 million therms in First Nine Months 2012. As at 30 September 2011 Energia's unregulated market share was approximately 19% of the LEU market and 22% of the SME market, making it the second largest natural gas supplier in the RoI.

Sales and marketing

The Energia sales team is organised to match customer segments rather than by geographic location. The team comprises an LEU customer team, an SME customer team, an independent team of approximately 40 sales agents focused on the SME segment, and a market support team with energy efficiency and marketing expertise. The LEU team has eight key account managers dealing with all major sites in the RoI and Northern Ireland, which for the purposes of the LEU market, include four regions, being North, Dublin, Midlands and South.

The SME sales team is organised into separate customer segments to deal with multi-site accounts (such as retailers and governmental bodies) and comprises a core dedicated team, with an additional network of independent sales agents throughout the RoI who are paid on a commission only basis.

Certain key performance indicators

The table below sets out the sales for Energia for Fiscal Years 2011 and 2010 and First Nine Months 2012 and 2011.

	Fiscal Year		First Nine Months	
	2011	**2010**	**2012**	**2011**
	(in TWh)			
RoI	4.4	4.2	3.3	3.3
Northern Ireland	1.5	1.6	0.9	1.1
Total	**5.9**	**5.8**	**4.2**	**4.4**

Energia's sales increased from 5.8TWh in Fiscal Year 2010 to 5.9TWh in Fiscal Year 2011, partly as a result of an increase in the number of customer sites supplied from 55,700 in Fiscal Year 2010 to 59,900 in Fiscal Year 2011. In the 12 months ended 30 September 2011, Energia supplied approximately 28% of the business electricity market on an all-island basis. A similar trend occurred in the gas supply market as a result of the number of customer sites increasing from 4,850 in Fiscal Year 2010 to 5,200 in Fiscal Year 2011. As a result of this increase, demand for gas supplied by Energia increased from 78 million therms in Fiscal Year 2010 to 91 million therms in Fiscal Year 2011. These increases in customers supported VP&E's increased turnover in Fiscal Year 2011. Energia's sales decreased from 4.4TWh in First Nine Months 2011 to 4.2TWh in First Nine Months 2012, primarily as a result of losses in the LEU customer base which were partly offset by growth in the SME sector.

Hedging

Energia is responsible for VP&E's hedging activities, which it undertakes in connection with the Group's operations and not for speculative purposes. It hedges exposure to the primary variable generation costs of natural gas, carbon foreign exchange and CfDs, based on the level of fixed price elements of supply contracts sold by Energia.

As part of its hedging function, Energia undertakes a number of trading activities aimed at maximising the profitability of VP&E's portfolio of assets. For example, it manages wholesale natural gas price risk by entering into both financial and physical contracts with a variety of leading UK natural gas traders. It also purchases CO_2 credits for the Huntstown plants. Energia's trading and hedging activities are governed by a risk governance framework approved by Viridian's Management Board. Trading and hedging activities are monitored by an Energia committee that meets weekly and the Viridian Group committee that meets quarterly.

Energia's role also includes the formulation and submission of SEM bids for the Huntstown plants and for VP&E's wind farm capacity under contract. In addition, to the extent that Energia's retail demand exceeds output from the Huntstown plants, Energia utilises a combination of CfDs and wholesale trading to reduce the Group's exposure to movements in SEM prices.

Renewables (PPA)

VP&E's Renewables (PPA) business purchases renewable electricity through long-term PPAs with third party wind farm operators, other generators of renewable energy and Viridian-owned wind farms. Electricity from generators with capacity greater than 10MW is purchased by Energia but is then required to be sold into the SEM, while electricity purchased from generators with capacity of less than 10MW may be sold by Energia directly to customers without being sold into the SEM. The Renewables (PPA) business provides independent wind farm developers with bankable and competitive PPAs, which are entered into with both third party wind generators and wind farms owned by the Renewables (Owned Assets) business unit and generally remain in effect for 15 years reflecting the financing period required for wind farm investments. At 31 December 2011, operational PPA agreements in respect of 403MW were held with third party wind farm generators, 4MW with other renewable generators and 39MW were held with the Renewables (Owned Assets) segment.

Margin generated by this business is broadly dependent on sales price (in particular the SMP), PPA wind farm capacity, PPA wind farm day-to-day productivity (or load factor) and PPA agreement terms. The agreements have historically been based on a fixed price, whereas some of the newer PPAs include a variable price element. More than half of the PPAs in Northern Ireland are on a variable price basis. Capacity and load factor are highly variable due to their dependence on sufficient wind for operation.

The Renewables (PPA) business has access to renewable support mechanisms (REFIT in the RoI and the ROC scheme in Northern Ireland), in respect of 92% of its capacity at 31 March 2011, as set out below:

- **REFIT:** Under REFIT, suppliers are compensated if the SEM market price, including Constraint Payments achieved for electricity generated and capacity payments earned by a particular renewable generating unit in a calendar year, is below a base reference price. The reference price is indexed annually (upwards only) at the RoI Consumer Price Index, or CPI, and in 2012 is set at a floor of €68.08/MWh for large scale wind generation and €70.47/MWh for smaller scale wind generators. Suppliers claim any shortfall between the market and the floor prices in any annual period from a PSO pot administered by the CER. Suppliers are also compensated for the cost of balancing renewable generation at a rate which is equivalent to 15% of the floor price for large scale wind generation per MWh generated (being €10.21/MWh for 2012).

- **Northern Ireland RO scheme:** Northern Ireland has established the Renewable Obligation, which requires electricity suppliers to source a targeted percentage of supplied electricity from renewable sources, and any shortfall must be satisfied either by paying a buyout fee (£38.69/MWh in 2011/2012) or purchasing ROCs. Eligible renewable generators are granted free ROCs, which can be traded across the UK independent of the electricity to which they relate. In addition, eligible renewable generators are issued with Levy Exemption Certificates, or LECs, for each MWh of electricity produced. This scheme was introduced in 2001 as part of the Climate Change Levy scheme, or CCL. The CCL is a tax payable by non-domestic electricity users and is currently set at £4.41/MWh, but is changed annually in line with a UK inflation index. Electricity procured from renewable sources is exempt from the CCL; thus, there is an incentive for non-residential users to increase the proportion of electricity they source from renewable generators. Non-residential users can also buy LECs to satisfy their CCL obligations, instead of buying the actual electricity generated by renewables. LECs are not separable from the electricity generated and are sold by the generator to the supplier with which the electricity is contracted. The supplier can then trade the LECs with end users who wish to redeem them against the CCL.

The Renewables (PPA) business generates a margin on the sale of energy produced by renewable generators without requiring investment of capital or significant incremental resource for their administration. However, the business cannot claim liquidated damages in periods of low availability, which are available to generators from either their turbine supplier or O&M operator, if wind farm availability falls below certain levels.

Certain key performance indicators

In addition to its owned wind farm assets, Viridian has entered into PPAs with developers under which it has agreed to purchase the long-term output of a number of wind farms and from other types of renewable generators. The table below sets out the renewable capacity in respect of which Viridian has a PPA in place as of 31 December 2011:

	Operating	Under construction	In development	Total
		(in MW)		
Northern Ireland	119	50	94	263
RoI	327	83	155	565
Total	**446**	**133**	**249**	**828**

Over the course of First Nine Months 2012, Viridian's operating capacity under contract in Northern Ireland increased to 119MW, compared to 117MW in Fiscal Year 2011 and 97MW in Fiscal Year 2010, and its operating capacity under contract in the RoI increased to 327MW, compared to 192MW in Fiscal Year 2011 and 147MW in Fiscal Year 2010, as new wind farms were commissioned. As of 31 December 2011, 382MW of contracted capacity in Northern Ireland and the RoI primarily relates to wind farms that are either currently under construction or in development. The majority of the wind farms under construction and in development are expected to become operational over the next two years, and Viridian intends to conclude further contracts with wind farm developers and other renewable source generators in both Northern Ireland and the RoI in coming years.

Renewables (Owned Assets)

The Renewables (Owned Assets) business represents the direct investment by Viridian in seven operational wind farms and eight planned wind farms across Ireland. Of the seven operational wind farms, two were constructed by Viridian and five were acquired through Viridian's purchase of EWP in 2008. The eight planned wind farms are in various stages of construction and development, but are expected to commence operations between 2012 and 2014. As of 31 December 2011, VP&E's Renewables (Owned Assets) business had operational capacity totalling 44MW and had capacity under construction totalling 59MW. VP&E also had capacity of 80MW in various stages of development. Viridian's owned wind farms are subject to project finance arrangements on a ring-fenced basis, without recourse to the rest of the business. Viridian sells electricity produced by its own wind farms to electricity suppliers (including the Group's PPA business) under the terms of PPA agreements.

As part of the Refinancing, Viridian is effecting the Wind Farm Reorganisation. However, it intends to retain its existing PPAs in relation to those assets. Viridian also intends to develop its pipeline of renewables projects, including the Northern Ireland development assets, which are expected to have a capacity of 12MWs, and the RoI development assets, which are expected to have a capacity of 68MWs, as this represents an important element of Viridian's strategy to maintain a leading position as a PPA provider. See "—The Refinancing" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Sale of Viridian's Portfolio of Operating and In-construction Wind Farm Assets".

As of 31 December 2011, Viridian owned wind farm assets with the following generating capacity:

	Operating	Under construction	In development	Total
		(in MW)		
Northern Ireland	—	50	12	62
RoI	44	9	68	121
Total	**44**	**59**	**80**	**183**

The Renewables (Owned Assets) business is remunerated on a fixed or variable basis depending on the terms in the PPA agreement. Owned asset PPAs entered into in the RoI are agreed under fixed price terms while PPAs entered into in Northern Ireland are agreed under variable price terms. The PPA counterparty in respect of all wind farms (with the exception of Largan Hill (4.9MW)) is now Energia. Thus, fluctuations in PPA prices will have limited impact on Group EBITDA.

Costs incurred by the business are semi-variable in nature, and primarily relate to O&M fees, employee costs, rates, insurance and spare part costs.

The Renewables (Owned Assets) business also has access to the renewable support mechanisms described above. See "—Viridian's Business Units—VP&E—Renewables (PPA)". The Renewables (Owned Assets) business can also avail itself of liquidated damages from its wind turbine manufactures when availability falls below warranted levels, subject to caps on liquidated damages.

In April 2008, Viridian acquired EWP from Treasury Holdings Limited. The five RoI wind farms purchased pre-dated REFIT support, and, as such, there is no support mechanism in place in respect of these wind farms save for part of the 5.9MW Largan Hill wind farm which receives support under the Alternative Energy Requirement scheme (AER), a renewables scheme which pre-dated REFIT. Energy from all of these except for 4.8MW of the 5.9MW Largan Hill is currently being sold to the Renewables (PPA) business. Energy produced by the 4.8MW of Largan Hill, which receives AER support, is currently being sold to the ESB.

Over the course of Fiscal Year 2011, Viridian completed its first wind farm construction project, which is located at Drumlough Hill, County Donegal in the RoI and which has capacity of 10MW. It commenced commercial operation in October 2010. VP&E completed construction of the second 10MW wind farm at Corkermore, County Donegal, during First Nine Months 2012. It commenced commercial operation in August 2011. Construction continues on the 32MW wind farm at Crighshane, County Tyrone and an 18MW wind farm at Church Hill, County Tyrone. In June 2011, construction commenced on a 9MW wind farm at Caherdowney, County Cork. The Crighshane, Church Hill and Caherdowney wind farms are expected to become operational in Summer 2012. The majority of the 80MW of wind farm assets currently in development are expected to become operational over the next three years. Viridian also has a pipeline of wind farm projects which are in various stages of obtaining planning permission.

Over the last year, Viridian has put in place non-recourse project finance facilities worth £57.6 million in respect of wind farms currently under construction in Northern Ireland and €12.1 million in respect of wind farms under construction in the RoI. It is intended that future wind farm projects will also be financed on a non-recourse basis.

Certain key performance indicators

Availability for those wind farms in which VP&E has a direct investment was 95.6% in Fiscal Year 2011 compared to 92.6% in Fiscal Year 2010, and 97.4% in First Nine Months 2012 compared to 95.0% in First Nine Months 2011.

Viridian's Business Units—NIE Energy

The NIE Energy division consists of Power NI, a regulated electricity supplier in Northern Ireland, and PPB, a business unit that administers legacy power generation contracts in Northern Ireland.

Power NI

Power NI is the regulated, incumbent electricity supplier for Northern Ireland. As of 31 December 2011, Power NI supplied electricity to approximately 721,000 homes and businesses and management estimates that, in the 12 months ended 30 September 2011, Power NI had a 92% share of the residential market and a 16% share of the business market by volume. Power NI currently supplies 97% of residential pre-pay customers in Northern Ireland. As a regulated business, Power NI is subject to price control which permits it to recover an allowance calculated by reference to its forecasted operating costs at the time of the relevant price control, plus an allowed margin based on a percentage of forecasted regulated turnover.

Power NI purchases its wholesale requirements from the SEM pool and hedges its exposure to pool price volatility through a combination of CfDs with generators and tariffs partially or fully indexed to the SMP for certain larger customers. Since early 2009, Power NI has secured a number of short-term PPAs with smaller renewable generators, typically with less than 5MW of capacity; however, these PPAs only accounted for 4% of total supply as of 31 December 2011. Power NI has a broad customer base, and, based on management's estimates, the largest single site supplied accounted for less than 0.5% of total turnover in December 2010.

Certain key performance indicators

Power NI experienced a decrease in residential customers in Fiscal Year 2011 caused by Airtricity and Budget Energy entering the Northern Ireland residential market. This reduced Power NI's market share from 100% in Fiscal Year 2010 to 97% in Fiscal Year 2011 and 92% in First Nine Months 2012. Power NI also experienced a reduction in business customers, declining from approximately 40,000 in Fiscal Year 2010 to 36,000 in Fiscal Year 2011 (an approximately 19% share of the business market by GWh sales as of 31 March 2011) and from 37,000 in First Nine Months 2011 to 35,000 in First Nine Months 2012 (an approximately 16% share of the business market by GWh sales as estimated by management). As a result of these reductions in customer numbers, together with a general reduction in consumption, electricity sales at Power NI declined from 4.6TWh in Fiscal Year 2010 to 4.1TWh in Fiscal Year 2011, which also contributed to Power NI's decline in turnover in Fiscal Year 2011. Electricity sales at Power NI also declined from 3.0TWh in First Nine Months 2011 to 2.6TWh in First Nine Months 2012.

Price controls

Power NI is subject to price control and regulation which is administered by the NIAUR. However, price control only applies to residential and SME customers with consumption below 150MWh per year, which represented the vast majority of Power NI's business in Fiscal Year 2010 and Fiscal Year 2011.

Tariffs for larger consumers were fully deregulated as of Fiscal Year 2010. Power NI is currently able to recover an allowance calculated by reference to its operating costs, plus an allowed margin based on a percentage of forecast regulated turnover. This regulatory model also includes an incentive mechanism by which Power NI is able to retain savings achieved through improved efficiency. In formulating its regulated tariffs, Power NI is able to pass through to its customers all underlying wholesale charges, including use of system costs, levies and renewable obligations costs, as well as costs associated with the economic procurement of generation capacity. The current price control model was due to expire on 31 March 2011 but, due to the NIAUR's extended price control review, the current price control, remains in effect until 31 March 2012. In January 2012, Power NI accepted NAIUR's proposals for a two year price control which will come into effect on 1 April 2012.

PPB

The primary role of PPB is to administer the contracted generation capacity from three power stations in Northern Ireland under GUAs with AES Ballylumford, AES Kilroot and Coolkeeragh ESB, and sell this wholesale electricity into the SEM pool. The beneficial interests in these GUAs belongs to Northern Ireland electricity customers. The GUAs are a legacy of the restructuring of the electricity industry in Northern Ireland, which was effected in 1992 as part of the privatisation of the previously publicly owned Northern Ireland Electricity Service. While the contract expiry date for all but one of the contracts is six to 12 years away, the NIAUR has rights to direct early termination of the contracts, if it decides that the contracts are not beneficial for customers, with 180-days notice, effective at any time after their earliest cancellation dates, which for most of the contracts was 1 November 2010.

Since the last price control review, the NIAUR has instructed the cancellation of the GUAs for the coal- and oil-fired generating units at Kilroot as from 1 November 2010 on the basis that competition in the electricity market has developed sufficiently and that the Kilroot contracts no longer constituted good value to Northern Ireland electricity consumers. The NIAUR decided not to cancel the Ballylumford and Coolkeeragh contracts but indicated that it would keep them under review. PPB has also exercised its option for the first five-year extension of the Ballylumford CCGT contract until 2018. The NIAUR recently completed a review of these contracts, and, on 9 September 2011, published a consultation paper on its 'minded to' decision not to cancel any contract from 1 April 2012, but to keep these contracts under review. This was also confirmed in a statement published on 22 December 2011.

The generation capacity currently under contract to PPB as of 31 December 2011 is 1,012MW, as set out in the table below:

	Capacity	Type	Contract expiry date
Ballylumford	600MW	CCGT	23 September 2018
	116MW	Gasoil	31 March 2020
	180MW	Gas/HFO	31 March 2012
Kilroot	58MW	Gasoil	31 March 2024
Coolkeeragh	58MW	Gasoil	31 March 2020

Price controls

PPB participates in the SEM as though it was a generator by selling the electricity it purchases under contract into the wholesale pool. PPB also offers CfDs to SEM participants and sells ancillary services, such as operational reserve and voltage support, to SONI. However, PPB is subject to price control and regulation which is administered by the NIAUR. The applicable price control mechanism provides an entitlement in respect of PPB's own costs through the receipt of an allowance (effectively a management fee), together with a further amount covering certain depreciation costs, return on PPB's assets and an allowance in respect of pension deficit costs. The allowance is partially subject to PPB's performance as measured against a set of targets set by the NIAUR relating to the business' activity in the SEM and its control of costs under its generation contracts.

If the revenue that PPB receives from the SEM pool and through the sale of ancillary services is insufficient to cover its total costs incurred under the PPAs (*e.g.*, availability payments and energy payments, among others), any shortfall can be recovered via PSO charges collected by NIE through the PSO Levy that is charged to suppliers and passed on to customers. Conversely, PPB is also required to return any surplus revenue it receives. Electricity and natural gas price volatility is hedged through CfDs based on SMP and through commodity hedging.

PPB's current price control runs to 31 March 2012. The NIAUR has published proposals for PPB's price control for the three year period commencing 1 April 2012 which reflect the reduction in the generation capacity under contract to PPB since the last price control review. A final decision is expected before the end of March 2012.

Regulation of the Market

Northern Ireland

The electricity industry in Northern Ireland is governed principally by the Electricity (Northern Ireland) Order 1992 (the "1992 Order") and by the conditions of the licences which have been granted under the 1992 Order. The 1992 Order has been amended by subsequent legislation, including the Energy (Northern Ireland) Order 2003 (the

"2003 Order") and, most recently, the Electricity Regulations (Northern Ireland) 2007 and the Electricity (Single Wholesale Market) (Northern Ireland) Order 2007 (the "SEM Order").

Regulators

The NIAUR and the DETI are the principal regulators in Northern Ireland. Each is given specific powers, duties and functions under the relevant legislation. The functions of the NIAUR include licensing (pursuant to a general authority given by the DETI) and the general supervision and enforcement of the licensing regime. The DETI's functions include licensing, the giving of consents for new power stations and overhead lines, fuel security, the encouragement of renewable generation and the regulation of matters relating to the quality and safety of electricity supply.

Regulators' objectives and duties

The principal objective of both the NIAUR and the DETI in carrying out their functions in relation to electricity is to protect the interests of consumers of electricity, wherever appropriate, by promoting effective competition between those engaged in, or in commercial activities connected with, the generation, transmission or supply of electricity. Each of the NIAUR and the DETI has a duty to carry out its functions in the manner which it considers is best calculated to further this principal objective, having regard to a number of factors, including the need to ensure that all reasonable demands for electricity are met and that licensees are able to finance their authorised activities. In performing that duty they are required to have regard to the interests of individuals whose circumstances include being disabled, chronically sick or of pensionable age or having low incomes or residing in rural areas. They must also have regard to the effect of the industry's activities on the environment and their role includes promoting energy efficiency.

The 2003 Order gives the Consumer Council of Northern Ireland (the "Consumer Council") responsibility for representing electricity consumers and dealing with their complaints. The Consumer Council has powers to investigate matters relating to the interests of consumers regarding their electricity supply and to obtain information from electricity licence holders.

Competition in electricity generation and supply

All wholesale electricity (with limited exceptions, particularly where a generator generates less than 10MW of electricity) is bought and sold across the island of Ireland through the SEM which was established in November 2007. The SEM is based on a gross mandatory pool. Generators make offers to sell their electricity into the pool and are dispatched centrally on the basis of their bids. Suppliers purchase all their wholesale requirements from the pool.

The retail market in Northern Ireland is fully open to competition. During Fiscal Year 2011, Airtricity and during First Nine Months 2012, Budget Energy, commenced the supply of residential consumers in Northern Ireland in competition with Power NI.

Licences

There are four types of electricity licences available in Northern Ireland: participation in transmission, supply, generation and SEM operation. Taken together, these licences: regulate the economic behaviour of licensees, set a framework for competition in generation and supply, underpin the arrangements relating to security of supply, protect the technical integrity of the system and provide for certain types of customer services.

Energia, VP&E's competitive energy supply business, holds a supply licence. NIE Energy holds a supply licence which also covers PPB's activities.

Energia's supply licence requires it to:

- comply with specified industry codes and agreements;
- be managerially and operationally independent from NIE Energy;
- provide the NIAUR with information and comply with valid directions; and
- comply with the regulatory rules for trading in the SEM and the rules governing the submission of commercial offers to the SEMO when acting as an intermediary.

NIE Energy's licence requires it to:

- purchase wholesale supplies efficiently;

- act as supplier of last resort if directed to do so by the NIAUR in situations such as if another supplier were to fail;

- comply with specified industry codes and agreements;

- set its prices, having regard to the tariff methodology statement which sets out the policy for calculating and setting its prices, as approved by the NIAUR;

- comply with codes of practice on payment of bills, services for vulnerable customers, the efficient use of electricity and complaint handling and services for customers with prepayment meters;

- be managerially and operationally independent from Energia; and

- comply with various conditions governing supply to residential customers in the competitive market, including a prohibition of discrimination in supply where the licensee (together with its affiliates) is in a dominant position.

Licence conditions applicable to PPB require it to:

- contract for electricity at the best effective price reasonably obtainable, having regard to the sources available, and keep its commitments under review (PPB's economic purchasing obligation);

- enter into and comply with arrangements which facilitate PPB bidding into the SEM the capacity contracted to it under long-term generating contracts;

- comply with the regulatory rules for trading in the SEM and the rules governing the submission of commercial offers to the SEMO;

- comply with separate interface arrangements which govern PPB's relationships with SONI and NIE; and

- be managerially and operationally independent from other businesses within the Group.

NIE Energy's licence requires it to establish, and at all times maintain, the full managerial and operational independence of PPB from other businesses within the Group. PPB's compliance plan sets out the practices, procedures, systems and rules of conduct to ensure compliance with this licence condition.

Licence compliance, modification, termination and revocation

The NIAUR has statutory powers to enforce compliance with licence conditions. The 2003 Order provides for the NIAUR to levy a financial penalty (up to 10% of the licensee's revenue) for breach of a relevant condition.

The NIAUR may modify the conditions of licences, either in accordance with their terms or in accordance with the procedures set out in the relevant legislation, with the agreement of the licensee after due notice, public consultation and consideration of any representations and objections. In the absence of such agreement, the NIAUR is required to make a referral to the Competition Commission before a proposed licence modification can be made. Modifications may introduce new conditions (relating to activities authorised by the licence or to other activities) or may amend existing conditions. A modification can be vetoed by the DETI. Modifications of licence conditions may also be made by statutory order as a consequence of a reference under the Competition Act 1998. In addition, specific powers have been given in legislation to modify licence conditions without the licensee's consent (*e.g.,* to implement EU legislation).

Licences may be terminated by not less than 25 years' notice given by the DETI and are revocable (on 30 days or 24 hours notice, depending on the event) in certain circumstances including: where the licensee consents to revocation; where the licensee fails to comply with an enforcement order made by the NIAUR; or where specified insolvency procedures are initiated in respect of the licensee or its assets.

Price controls

Power NI and PPB are subject to price controls, defined in formulae set out in NIE Energy's licence, which limit the revenues they may earn and the prices they may charge. The principles of price regulation employed in the relevant licence conditions reflect the general duties of the NIAUR and the DETI under the relevant legislation. These include having regard to the need to ensure that licensees are able to finance their authorised activities.

If the amount of revenue recovered in any one year exceeds or falls short of the amount allowed by the relevant price control formula, a correction factor operates in the following year to give back any surplus with interest, or to recover any deficit with interest, as appropriate. A surplus is referred to as an over-recovery and a deficit as an under-recovery.

Competition in natural gas supply

The gas market in Northern Ireland was fully opened to competition on 1 January 2007. The principal rules for shipping natural gas in Northern Ireland are contained in the Phoenix Distribution Code and the PTL Transportation Code. Energia holds a natural gas supply licence.

Renewable energy

The Renewable Obligation ("RO") scheme in Great Britain has an equivalent scheme which applies in Northern Ireland. The RO scheme is designed to incentivise the generation of electricity from renewable sources. The scheme places an obligation on suppliers to source a portion of their electricity from renewable sources (4.0% in Northern Ireland for 2010/11 increasing to 6.3% by 2012/13).

Under the RO scheme, eligible renewable generators receive ROCs for each MWh of electricity generated. ROCs are freely tradable at auction and can be sold to suppliers in order to fulfil their obligation. Suppliers can either present ROCs to cover their obligation or pay a buyout fee of £38.69/MWh (2011/12) for any shortfall. All proceeds from buyout fees are recycled to the holders of ROCs.

In September 2010, the Northern Ireland Assembly approved a target of sourcing 40% of Northern Ireland's electricity from renewable sources by 2020.

In December 2010, the UK government published initial proposals for reform of the renewable support mechanism in England and Wales. Public consultation on the proposals closed in March 2011 and final proposals are expected shortly, however, ROC benefit rights will be grandfathered to projects that qualify prior to April 2017. Decisions on renewable support mechanisms have been devolved to the Northern Ireland Assembly. A DETI consultation on proposals to reform the regime closed on 19 January and final proposals are expected shortly.

Republic of Ireland

The principal legislative instruments governing the regulation of the energy sector in the RoI include the Gas Act 1976, the Electricity Regulation Act 1999 (the "1999 Act"), the European Communities (Internal Market in Electricity) Regulations 2000 and 2005, the Gas (Interim) (Regulation) Act 2002 (the "2002 Act"), the European Communities (Internal Market in Natural Gas) (No. 2) Regulations 2004 and the Electricity Regulation (Amendment) (Single Electricity Market) Act 2007 (the "2007 Act").

Regulators

Overall policy responsibility for the energy sector lies with the Minister for Communications, Energy and Natural Resources (the "Minister"). In this capacity, the Minister is advised by the DCENR and other statutory bodies including the CER and the Sustainable Energy Authority of Ireland. CER was established as the regulator of the electricity sector by the 1999 Act and was subsequently vested with regulatory authority over the downstream natural gas sector by the 2002 Act.

Regulators' objectives and duties

The principal objective of the CER in carrying out its functions in relation to energy (other than in respect of SEM matters) is to protect the interests of energy consumers, wherever appropriate, by promoting effective competition between persons engaged in, or in commercial activities connected with, the generation, transmission or supply of electricity and the transportation and supply of natural gas. the CER has a duty to carry out its functions in a manner which does not discriminate between market participants.

The functions of the CER include: advising the Minister; licensing market participants; the general supervision and enforcement of the licensing regime; the regulation of third party access and network tariffs in both the electricity and natural gas sectors; the setting of electricity and natural gas market rules; setting residential natural gas tariffs, and regulating safety in electricity and natural gas supply to final customers, as well as in relation to petroleum activities. The DCENR's functions include drafting legislation, advising the Minister on issues of energy policy and promoting renewable energy.

Competition in electricity generation and supply

As noted above, all wholesale electricity (with limited exceptions) is bought and sold across the island of Ireland through the SEM. ESB is the incumbent electricity utility in the RoI and its network functions are ring-fenced from its generation and supply interests. EirGrid is the independent TSO.

The retail market in the RoI is fully open to competition and all customers may choose their supplier. Approximately 60% of business consumption and 40% of residential consumption is supplied by suppliers who compete with ESB. On 4 April 2011, ESB's previously regulated supply business was fully deregulated and rebranded as Electric Ireland.

Licences

There are nine types of electricity licence in the RoI: transmission system operation; transmission asset ownership; distribution system operation; distribution asset ownership; interconnector maintenance, SEM operation; supply; public electricity supply and generation. Licences regulate the economic behaviour of licensees; set a framework for competition in generation and supply; underpin the arrangements relating to security of supply; and protect the technical integrity of the system. Huntstown 1 and 2 and the subsidiaries of EWP that own operational windfarms hold generation licences and Energia holds a supply licence.

The generation licences require Huntstown 1 and 2 to, amongst other things:

- comply with specified industry codes;
- submit to central despatch by the TSO in the RoI in providing energy and ancillary services to the electricity system;
- appoint a competent operator;
- comply with the rules governing the submission of commercial offers to the SEMO; and
- provide the CER with information and comply with valid directions.

The generation licences held by the subsidiaries of EWP that own operational windfarms are identical to Huntstown's generation licences.

Energia's supply licence requires it to, amongst other things:

- comply with specified industry codes;
- comply with the relevant licence conditions of energy generators (where acting as an intermediary for generators such as wind farms) in submitting commercial offers; and
- provide CER with information and comply with valid directions.

Competition in natural gas supply

The natural gas market in the RoI was fully opened to competition on 1 July 2007. The principal rules for shipping natural gas in the RoI are contained in the Gaslink Code of Operations. Energia holds a natural gas shipping and supply licence and is a party to the Gaslink Code of Operations.

Renewable energy

REFIT is designed to encourage renewable generation in the RoI. Under REFIT, suppliers and renewable energy generators enter into a PPA for a minimum of 15 years. In return for entering into the PPA, the supplier receives an administration fee equal to 15% of the REFIT reference price for the applicable renewable technology. The supplier is also entitled to compensation if the market price of electricity falls below the applicable REFIT reference price. The REFIT reference price for large scale wind generation is set at €66.35/MWh for 2011, and is indexed annually to the CPI in the RoI.

The RoI government has a target for 40% of total power generation to come from renewable sources by 2020. Overall, the RoI Government is targeting approximately 6GW from renewable generation and achieved its interim target of 1.2GW, equivalent to 12% of total capacity, by December 2010.

Single Electricity Market

The NIAUR and the CER work together in the exercise of their statutory functions in relation to the SEM.

Decisions in relation to SEM matters are taken by the SEM Committee which was established in accordance with the SEM Order in Northern Ireland and the 2007 Act in the RoI. The DETI and the Minister for Communications, Energy and Natural Resources have appointed members to the SEM Committee from the RAs together with an independent member and a deputy independent member. The voting rights and quorum rules for the SEM Committee are set out in parallel SEM legislation in each jurisdiction.

The principal objective of the SEM Committee in carrying out its functions is to protect the interests of electricity consumers in Ireland, wherever appropriate, by promoting effective competition between persons engaged in, or in commercial activities connected with, sale or purchase of electricity through the SEM. The SEM Committee has a duty to carry out its functions in the manner which it considers is best calculated to further this principal objective, having regard to a number of factors, including the need to ensure that all reasonable demands for electricity are met, that licensees are able to finance their authorised activities and the need to ensure transparent pricing in SEM. Oversight arrangements discharged by senior management from the NIAUR and the CER include a committee to receive delegations of authority from the SEM Committee to carry out certain functions including: management of resources across both the NIAUR and the CER; co-ordinating and developing proposals for consideration by the SEM Committee; and the management of key regulatory functions. The four key regulatory functions for which a designated manager has been assigned are: management of the trading rules; monitoring the market; modelling the market; and regulation of the SEMO.

On non-SEM matters, the NIAUR and the CER exercise their statutory functions separately in their own jurisdictions. For additional information, see “Industry Overview”.

Employees

As of 31 March 2011, Viridian had 359 employees. The following table sets forth information about the number of employees of Viridian’s continuing operations:

	As of 31 March,		
	2011	**2010**	**2009**
Huntstown, Energia and Renewables (PPAs)	184	175	166
Renewables (Owned Assets)	8	7	3
Power NI	140	130	119
PPB	12	12	11
Corporate	15	—	—
Total	**359**	**324**	**299**

At the end of Fiscal Year 2011, 94 of Viridian’s employees were members of trade unions. The main trade unions associated with Viridian businesses are GMB, Prospect and Unite. Power NI and PPB had 52% and 58% union representation, respectively, at the end of Fiscal Year 2011, whereas VP&E had 7% union representation at the end of Fiscal Year 2011. Management believes the Viridian businesses enjoy good relations with the relevant trade unions.

Health and Safety

Viridian is committed to ensuring a safe working environment. The risks arising from inadequate management of health and safety matters are the exposure of employees, contractors and third-parties to the risk of injury, potential liability and/or loss of reputation. Viridian closely manages these risks through the promotion of a strong health and safety culture and well defined health and safety policies. Viridian’s annual health, safety and risk plans set out detailed targets for the management of safety in line with other companies in the industry. There is a strong focus on the audit of work sites and the reporting and reviewing of near miss incidents.

Insurance

In line with its peers in the industry, Viridian has in place a number of insurance policies covering certain operations and property, business interruption, and liability and terrorism. In addition, Energia maintains credit insurance against bad debt risk from its major supply customers. These insurance policies are maintained at a level of cover and on detailed terms that Viridian believes are reasonable. Viridian has not experienced any significant supply loss, interruption to its business or damage to its facilities due to fire or other causes. The policies are with major insurance companies and have been arranged by its two brokers, Marsh and AON.

Legal Proceedings

Viridian and its subsidiaries are involved in the ordinary course of business in a number of lawsuits involving employment, commercial, intellectual property, environmental, and injuries and damages issues, among other matters.

On 21 June 2011, Viridian Energy Limited and Viridian Energy Supply Limited (the "Parties") commenced an infringement of Irish registered trade mark action against Endesa SA (the "Cease and Desist Order"). The Cease and Desist Order claimed that Endesa SA has been using the word "energia" in relation to the supply of energy in the RoI. The Cease and Desist Order also alleged that the use of the word "energia" is designed to cause confusion in the marketplace by portraying the incorrect impression that the activities of Endesa SA are associated with those of the Parties. The Parties demanded that Endesa SA withdraw immediately all and any use of the word "energia" and refrain from using the word "energia" in the future in connection with the supply of or offer to supply goods in the RoI or the UK. The Parties subsequently commenced legal proceedings in the High Court of Ireland applying for an injunction pending a full hearing. The matter was resolved prior to hearing with an Order being entered by consent in the High Court of Ireland prohibiting Endesa SA from using the "energia" brand for four years and in the event that Edessa SA use the name thereafter the Parties can immediately reactivate their case.

In July 2011, a group of Junior Lenders who also held part of the Existing Senior Credit Facilities (the "Cross-over Lenders") approached Viridian and noted their understanding that the Group sought to issue the Notes as part of the Refinancing. As part of the Refinancing, the terms of the Junior Credit Facility Agreement would be amended which, in the view of the Cross-over Lenders, would require the consent of all of the Junior Lenders. The Cross-over Lenders indicated that it was their intention to vote against such amendments and to oppose any argument that such changes were capable of being made or can be made without their consent. The Cross-over Lenders also indicated their intention to seek relief but did not specify the amount of damages (if any) sought in any such proceeding. Since 13 July 2011, however, the Cross-over Lenders have made no further direct threat of legal action.

In July 2011, an informal ad hoc committee of Junior Lenders, which claimed to hold 13.65% of the principal outstanding loans outstanding under the Junior Credit Facility (the "Ad Hoc Committee"), also approached Viridian. The Ad Hoc Committee also expressed the view that the amendments to the Junior Credit Facility Agreement would require the unanimous consent of the Junior Lenders and further indicated that it would not consent to the then proposed changes to the Junior Credit Facility Agreement. The Ad Hoc Committee likewise threatened to take steps, including seeking injunctive relief and/or issuing proceedings, in order to protect and preserve the position and rights of the members of the Ad Hoc Committee. The Ad Hoc Committee did not specify the amount of damages (if any) sought in any such proceeding.

Viridian does not believe that the amendments to the Junior Credit Facility Agreement require unanimous consent and contends that such amendments only require Majority Lender consent (as defined in the Junior Credit Facility Agreement). Viridian has agreed with certain third party Junior Lenders to require the unanimous consent of Junior Lenders to amend the Junior Credit Facility Agreement and the Existing Intercreditor Agreement; provided that the requirement for unanimous consent may be waived with 95% Junior Lender approval in which case such amendments will require an affirmative vote of Junior Lenders holding at least $66^2/_3$% of outstanding debt under the Junior Credit Facility Agreement.

There are no known material legal or arbitration proceedings, including those which are pending or known to be contemplated, to the best of the knowledge and belief of Viridian, having made all reasonable enquiries, which may have or which have had, in the last 12 months immediately preceding the date of this document, a material effect on the financial condition or profitability of Viridian.

Environmental Regulation

The RoI Government has enacted legislation to impose the Carbon Revenue Levy on generators, including Huntstown, with effect from 1 July 2010 until 31 December 2012 (the end of phase 2 of the EU Emissions Trading Scheme). The levy is calculated based on 65% of the volume of CO_2 emitted by generators multiplied by the average price of CO_2, and amounted to £10.4 million for Viridian in Fiscal Year 2011. This cost is not permitted to be passed through into the wholesale electricity price.

Viridian faces a number of environmental responsibilities in the normal course of business. To the best of its knowledge, Viridian is materially in compliance with all relevant environmental laws and regulations. Viridian undertakes environmental risk assessments ahead of major capital projects and carries out environmental studies and environmental risk mitigation programmes to minimise any impact on the environment.

MANAGEMENT

Board of Directors of Viridian Group Investments Limited

Viridian Group Investments Limited is a private limited company incorporated under the laws of the Cayman Islands. While the board of directors of Viridian Group Investments Limited is not the operational board of directors for the Group, it is responsible for the preparation of the Financial Statements included elsewhere herein. The following table sets out the names, ages and positions of the members of the board of directors of Viridian Group Investments Limited, following the closing of the Offering.

Name	Age	Position
Salah Al-Shaikh	44	Non-executive Director
Mohammed Chowdhury	43	Non-executive Director
Henry Thompson	59	Chairman, Non-executive Director
Essa Zainal	48	Non-executive Director

The business address of the directors of Viridian Group Investments Limited is Boundary Hall, Cricket Square, PO Box 1111, Grand Cayman KY1-1102, Cayman Islands.

Salah Al-Shaikh

Mr. Shaikh serves as a Director in Arcapita's Corporate Management Group. Prior to joining Arcapita, Mr. Shaikh worked with the Bahrain Defence Force Medical Services for twelve years as Head of the Accounts Department and Head of the Administration Department of the Cardiac Centre. During his tenure with the Bahrain Defence Force Medical Services, Mr. Shaikh gained significant experience in establishing accounting and management database systems. Previously, Mr. Shaikh was a Credit Subordinate at the Bank of Bahrain & Kuwait (BBK) in Bahrain. Mr. Shaikh holds a Bachelor of Business Administration in Accounting from Saint Edward's University in Texas and a Masters degree in Accounting from Western University in Arizona.

Mohammed Chowdhury

Mr. Chowdhury, an Executive Director of Arcapita, serves as Head of Arcapita's Financial Management Group. Prior to joining Arcapita in 1998, Mr. Chowdhury worked for nine years as an accountant, working for Ernst & Young in Bahrain and KPMG in London. Mr. Chowdhury is a member of the Institute of Chartered Accountants in England and Wales, completing his training contract while working for KPMG in London. He is a graduate of the London School of Economics, where he also earned a Masters of Business Administration.

Henry Thompson

Mr. Thompson, an Executive Director of Arcapita, serves as Arcapita's General Counsel and is responsible for its legal affairs and corporate governance as well as developing the legal aspects of Arcapita's Islamic financial instruments. Prior to joining Arcapita in 1997, Mr. Thompson worked at Gibson, Dunn & Crutcher LLP and Hogan & Hartson LLP, two U.S. law firms, for eight years, where he specialised in cross-border investments as well as financing on both conventional and Islamic lines. Mr. Thompson holds a Bachelor of Sciences in Foreign Service from Georgetown University in Washington, D.C. and a Juris Doctor (Cum Laude) from Georgetown University Law Center in Washington, D.C. Mr. Thompson is also a member of the District of Columbia Bar.

Essa Zainal

Prior to joining Arcapita in 2003, Mr. Zainal served as a financial controller at Al Baraka Banking Group in Bahrain for three years, where he was responsible for the consolidation of Al Baraka's financial institutions. Mr. Zainal also worked for Arthur Andersen in Bahrain for more than 15 years, where he headed the assurance advisory services division. Mr. Zainal holds a Bachelor of Sciences in Accounting from the University of Bahrain and is a Certified Public Accountant (CPA) in the United States.

Board of Directors of Viridian Group Limited

Viridian Group Limited is a private limited company incorporated under the laws of Northern Ireland. The board of directors of Viridian Group Limited is effectively the operational board for the Viridian Group, although certain matters relating to the Viridian Group's business in the RoI are passed upon by the board of directors of VPEHL, as discussed further below. References in this document to the "Board" are to the board of directors of Viridian Group

Limited. The following table sets out the names, ages and positions of the members of the board of directors of Viridian Group Limited, following the closing of the Offering.

Name	Age	Position
Siobhan Bailey	41	Executive Director
Tom Gillen	41	Executive Director
Thor Johnsen	39	Non-executive Director
Abdullah Al-Harthy	33	Non-executive Director
Keith Mackay	66	Non-executive Director
David MacMillan	58	Independent Non-executive Director
Henry Thompson	59	Non-executive Director
Ian Thom	49	Executive Director
Ron Series	60	Independent Non-executive Director

The business address of the directors of Viridian Group Limited is Greenwood House, 64 Newforge Lane, Belfast BT9 5NF, Northern Ireland.

Siobhan Bailey

Ms. Bailey was appointed Group Finance Director in 2010. She joined Viridian in 1999 and has held a number of roles, including VP&E Finance Director from 2006 to 2010 and Group Treasury & Investor Relations Manager from 2003 to 2006. Ms. Bailey qualified as a Chartered Accountant with Ernst & Young. She holds a Diploma in Accounting from Queens University, Belfast and BA (Hons) Degree in Accounting from the University of Ulster, Belfast.

Tom Gillen

Mr. Gillen was appointed Chief Operating Officer of VP&E in 2009 and joined Viridian in 2000, firstly as Trading Director and subsequently as Managing Director of Energia. Prior to this, Mr. Gillen worked at ESB from 1998 until 2000 to prepare ESB for the Irish competitive market and at Northern Electric from 1993 to 1998, where he held various positions within the company. Mr. Gillen holds a BA(Hons) in Economics and Politics from the University of Newcastle upon Tyne and a MSc in Computer Science from the University of Newcastle upon Tyne.

Thor Johnsen

Mr. Johnsen is a managing director of EMEA with Arcapita. Previously, Mr. Johnsen was a Principal with Bank of America Securities in London and New York, where he focused on M&A and corporate finance for the energy & power sectors. Prior to Bank of America, he was with the Global Energy team at Credit Suisse First Boston. Mr. Johnsen holds a Juris Doctorate (Law) and MBA from Georgetown University, and a BA in Economics from Northwestern University.

Abdullah Al-Harthy

Mr. Abdullah Al-Harthy is a director in the State General Reserve Fund (SGRF) of Oman, responsible for the fund’s strategy and assets allocation. Alongside his position in SGRF, Mr. Al-Harthy is a member of the board of directors of several companies including Dubai Mercantile Exchange (DME), Vietnam Oman Investment Company (VOI), Oman Power and Water Procurement Company (OPWP) and National Aluminum Product Company (NAPCO). Mr. Al-Harthy is chairman of the Investment Committee of VOI and the Audit Committee of NAPCO. He was awarded the Chartered Financial Analyst (CFA) charter in 2004. He has a BA in Finance from Sultan Qaboos University of Oman.

Keith Mackay

Keith Mackay is an Investment Director at the State General Reserve Fund (SGRF) of the Sultanate of Oman where he has been employed since 1990 and is currently responsible for private equity investments in Western Europe and Asia. He is also a non-executive director of Railinvest Holding Company Limited (UK). After graduating with a B.Sc. in Pure Mathematics from Bangor University he joined the Clerical Medical and General Life Assurance Society as an actuarial trainee before transferring to the investment field where he has spent the balance of his career. He is a Fellow of the Institute of Actuaries and an Associate of the UK Society of Investment Professionals. He gained an MBA at the University of Warwick and a M.Sc. in Financial Management at the University of London.

David MacMillan

Mr. MacMillan has been an Independent Board Director of Ontario Power Generation Limited (OPG) since 2004, where Mr. MacMillan currently serves as a member of the Compensation and Human Resources Committee and the Audit and Finance Committee. Previously Mr. MacMillan was a member of the Nuclear Operations Committee of OPG's board of directors. Mr. MacMillan has held high profile non-executive directorships with major energy firms and with firms undergoing restructurings, including Managing Director of Good Energies Inc. (from January 2007–April 2009), a multi-billion euro private equity fund focused on renewable energy companies. Mr. MacMillan has served as a director on the board of Eclipse Energy Company Limited and the Supervisory Board of InterGen NV. Mr. MacMillan holds a BA Economics (1975) and MA Economics (1982) from McGill University (Major; Government Finance, Minor; Transportation), University of Toronto Schools, (UTS) high school.

Henry Thompson

See "—Board of Directors of Viridian Group Investments Limited" above for Mr. Thompson's biographical information.

Ian Thom

Mr. Thom was appointed Group Chief Executive in February 2011. He joined Viridian in September 2001 as Company Secretary and General Counsel. Mr. Thom was appointed to the Viridian Executive Committee in 2003, and he has had executive responsibility for Power NI and PPB since 2007. Prior to joining the Group, he served as the European Legal Director of OSI International Foods. Mr. Thom holds the degree of Master of Arts (law) from the University of Cambridge and is a member of the Northern Ireland Bar.

Ron Series

Mr. Series was appointed as an Executive Director of iSOFT Group Limited, the ASX listed healthcare software business, responsible for restructuring it's financial affairs, and ultimately with the successful sale of the Company. Prior to that he worked on the financial restructuring of the Dubai World Group. Mr. Series qualified as a Chartered Accountant with KPMG and holds a Masters of Business Administration from the University of Cape Town. Directorships that Mr. Series held over the past five years include VPEHL, VGL, Series Capital Limited, CBS Global Limited, iSOFT Group Limited, iSOFT Group plc and Netfold Limited.

Board of Directors of Viridian Power and Energy Holdings Limited

VPEHL, is a private limited company incorporated under the laws of the RoI. The board of directors of VPEHL passes upon matters relating to the Viridian Group's business in the RoI. The following table sets out the names, ages and positions of the members of the board of directors of VPEHL, following the closing of the Offering.

Name	Age	Position
Garrett Donnellan	40	Director
Thor Johnsen	39	Director
Brian Kinsella	63	Director
Gary Ryan	43	Director
Ron Series	60	Independent Non-executive Director
Ian Thom	49	Director
Patrick Timony	38	Director
Tom Gillen	41	Director

The business address of the directors of Viridian Power and Energy Holdings Limited is Mill House, Ashtowngate, Navan Road, Dublin 15, Republic of Ireland.

Garrett Donnellan

Mr. Donnellan was appointed Renewables Finance Director in 2006. Previously, Mr. Donnellan served as Generation Finance Director with VP&E from 2001 until 2006. Before joining Viridian, Mr. Donnellan served as Treasury Manager at Gateway Computers from 1998 until 2001. Qualified as a Chartered Accountant in 1996 with PricewaterhouseCoopers, Mr. Donnellan gained a Masters degree in Corporate Leadership with Dublin City University in 2008.

Thor Johnsen

See "—Board of Directors of Viridian Group Limited" above for Mr. Johnsen's biographical information.

Brian Kinsella

Mr. Kinsella joined Viridian in 2001 and was appointed Manager of Huntstown Power Station shortly thereafter. Prior to this, Mr. Kinsella worked with ESB from 1970 until 2001 in various roles within power generation. During that period Mr. Kinsella spent time abroad with ESB International managing power plants in South East Asia and in the UK, Mr. Kinsella is a mechanical engineer by profession.

Gary Ryan

Mr. Ryan was appointed Retail Director of Energia in 2010 and joined Viridian in 2000, firstly as RoI Head of Sales and subsequently as Sales and Marketing Director of Energia. Prior to this, Mr. Ryan worked at the Tedcastle Oil Group from 1996 until 2000 as both Head of Finance and subsequently Head of Business Development. Mr Ryan qualified as a Chartered Accountant in 1992 with PricewaterhouseCoopers Dublin. He also holds a MBA from UCD Smurfit Business School.

Ron Series

See "—Board of Directors of Viridian Group Limited" above for Mr. Series' biographical information.

Ian Thom

See "—Board of Directors of Viridian Group Limited" above for Mr. Thom's biographical information.

Patrick Timony

Mr. Timony was appointed Commercial Manager—Energia Renewables in June 2010 after joining Viridian in 2004. He has held various roles within the Group, including Finance Manager—Huntstown Power from June 2006 until August 2008 and Financial Controller—Power Generation & Renewables from September 2008 to May 2010. Mr. Timony is a member of the Chartered Institute of Management Accountants.

Tom Gillen

See "—Board of Directors of Viridian Group Limited" above for Mr. Gillen's biographical information.

Committees of the Board

Audit and Risk Management Committees

The Audit Committee is composed of at least two directors of Viridian Group Limited and is appointed by the Board. The Audit Committee is required to take decisions by a simple majority, although during times when there are only two members, decisions must be taken unanimously. The Risk Management Committee is composed of the Group Finance Director and seven senior managers from across the Group and a representative from the Group's internal auditors, PricewaterhouseCoopers.

With respect to audit related matters, the primary function of the Audit and Risk Management Committees is to assist the Board in fulfilling its oversight responsibilities by reviewing the Group's:

- financial reports and other financial information provided to any governmental body or the public;
- system of internal control regarding finance, accounting, legal, compliance and ethics established by the Board of Directors and senior management; and
- auditing, accounting and financial reporting processes generally.

The Audit Committee's primary duties and responsibilities relating to this function are to:

- be an independent and objective party to monitor the Group's financial reporting process and internal controls system;

- approve the appointment and fees of the Group's independent auditors;

- obtain, at least once a year, a written statement from the Group's independent auditors to the effect that their independence has not been impaired;

- review and assess the performance of the Group's independent auditors and the internal auditors;

- provide an open avenue of communication among the Group's independent auditors, the internal finance department and senior management, the internal auditors, and the Board of Directors; and

- communicate the Audit and Risk Management Committee's duties and responsibilities to the appropriate levels of management within the Group.

With respect to risk management related matters, the primary function of the Risk Management Committee is to support the Board in fulfilling its corporate governance and oversight responsibilities by assisting with the monitoring and review of the Group's risk management process. In that regard, its main responsibilities and duties are to assist the Board by developing recommendations regarding the following matters:

- oversight, development and implementation of a risk identification and management process and the review of this process in a consistent manner throughout the Group;

- review of the effectiveness of the Group's risk management framework, policies and process at the corporate and operating segment levels and the proposal of improvements, with the aim of ensuring that the Group's management is supported by an effective risk management system;

- promotion of constructive and open exchanges on risk identification and management among senior management, the Board of Directors, the legal department and other relevant departments of the Group;

- review of proposals to assess, define and review the level of risk tolerance to ensure that appropriate risk limits are in place;

- review of the Group's internal audit plans to ensure that they include a review of the major risks that the Group faces; and

- making recommendations to senior management and the Board of Directors regarding risk management.

In fulfilling its duties, the Audit and Risk Management Committees may seek the advice of outside experts.

The Audit Committee meets two times each year, and the Risk Management Committee meets six times each year.

Remuneration Committee

The Remuneration Committee is currently composed of two directors of Viridian Group Limited who were appointed by the Board. The Remuneration Committee takes decisions by a simple majority.

The Board established the Remuneration Committee to:

- review and approve objectives relevant to the remuneration of the Management Board and to evaluate their performance in light of these and objectives;

- make recommendations to the Board of Directors with respect to incentive compensation plans;

- identify candidates qualified to serve as members of the Board of Directors and the Management Board;

- recommend candidates for appointment by the Board of Directors to fulfil interim Board of Directors vacancies;

- facilitate the evaluation of the Board of Directors; and

- review the succession plan and the executive development programme for the Management Board.

In fulfilling its duties, the Remuneration Committee may seek the advice of outside experts.

The Remuneration Committee is required to meet at least once a year.

Viridian Group Management Board

The Viridian Group Management Board (the "Management Board") has responsibility for the management of the Group's operations on a day-to-day basis. The members of the Management Board as of the date of this Offering Memorandum are set forth below.

Name	Age	Position
Siobhan Bailey	41	Group Finance Director
Tom Gillen	41	Chief Operating Officer—VP&E
Roy Foreman	48	General Manager—PPB
Stephen McCully	50	Managing Director—Power NI
Ian Thom	49	Group Chief Executive

Siobhan Bailey—Group Finance Director

See "—Board of Directors of Viridian Group Limited" above for Ms. Bailey's biographical information.

Tom Gillen—Chief Operating Officer—VP&E

See "—Board of Directors of Viridian Power and Energy Holdings Limited" above for Mr. Gillen's biographical information.

Roy Foreman—General Manager—PPB

Mr. Foreman was appointed General Manager of PPB in October 2002, after having joined Northern Ireland Electricity Service in 1986. Prior to his appointment, Mr. Foreman served as the Manager of Power Planning Economics (1992 to 2002) and had various positions with company prior to that. Mr. Foreman holds a BSc(Hons) in Computer Science from Queens' University Belfast, an MBA from Open University Business School and a MSc in Corporate Leadership from Edinburgh Napier University.

Stephen McCully—Managing Director—Power NI

Mr. McCully was appointed Managing Director in April 2002. Prior to this appointment, Mr. McCully held various senior management positions in both NIE T&D and other supply businesses, in many instances leading group-wide initiatives focused on business change. Mr. McCully joined Power NI in 1986 as a Chartered Engineer from Murland and Partners—Consulting Engineers. Mr. McCully holds a BSc in Engineering from Northumbria University and a MSc in Corporate Leadership from Edinburgh Napier University.

Ian Thom—Group Chief Executive

See "—Board of Directors of Viridian Group Limited" above for Mr. Thom's biographical information.

Executive Compensation

Viridian has not yet designed an executive compensation programme for its key management to be effective upon completion of the Refinancing. Viridian intends to design an executive compensation programme with the following objectives:

- to recruit and retain key leadership;
- to link compensation to an executive's individual performance and Viridian's financial performance; and
- to align the executives' compensation opportunities with Viridian's short-term and long-term financial objectives.

In furtherance of these objectives, Viridian intends to design an executive compensation package that includes (i) fixed compensation in the form of base salary and benefits and (ii) variable compensation based on the executive's performance and Viridian's financial performance, in the form of annual cash bonus awards and, in some cases, equity incentive awards.

Base Salary

Viridian intends to pay base salaries consistent with the scope of each executive's responsibilities that reflect the fixed compensation necessary to recruit key leadership.

Benefits

Viridian intends to provide its executives with a benefits package in line with those of other companies in Viridian's sector and appropriate for the respective jurisdictions.

Annual Cash Bonus Awards

Viridian expects that its executives will be eligible to receive incentive compensation in the form of annual cash bonuses, which Viridian expects will be determined based on performance objectives established on a periodic basis.

Equity Incentive Awards

Upon completion of the Refinancing, Viridian expect to adopt one or more equity incentive arrangements for directors, executives and other senior management employees. These arrangements will be designed to promote Viridian's interests by providing eligible persons with the opportunity to acquire a proprietary interest in Viridian's business or one of Viridian's affiliates as an incentive for them to remain in Viridian's employment or service, as applicable. These arrangements may allow for the grant of profit sharing interests, restricted and phantom shares or other equity-based awards. Viridian anticipates that a portion of the awards will vest based on the attainment of specified performance goals. Generally, if an award holder's employment is terminated, Viridian expects that he or she will forfeit any unvested awards at the time of termination. The total percentage of equity to be reserved for issuance under the equity arrangements has not yet been determined. The final equity arrangements may contain terms that sometimes require Viridian or one of its affiliates to purchase equity following a termination of employment.

Director and Senior Management Employment Agreements

Viridian has employment agreements with each of the members of its senior management team under which they are compensated by way of a fixed annual salary, a pension scheme and a senior management bonus plan. The senior management bonus plan is a significant proportion of the remuneration of Viridian's management team and is described below under "Senior Management Bonus Plan".

Senior Management Bonus Plan

In order to attract and retain highly skilled employees and to allow them to participate in its growth, Viridian provides a senior management bonus plan to certain senior management members. Members invited to participate are offered the opportunity to earn a bonus of a certain percentage of their salary. The ability to earn a bonus payments depends on the achievement of specific Group performance targets and the employee's achievement of personal targets. One third of the bonus earned under the senior management bonus plan is paid when the bonus is awarded. Payment of two thirds of a bonus is deferred and paid 12 and 24 months following the end of the financial year to which the bonus related.

PRINCIPAL SHAREHOLDERS

The following table sets forth the principal beneficial shareholders' equity ownership of Viridian Group Investments Limited, the parent company of FundCo I, which is the parent company of the Issuer:

Shareholder	%
Funds managed or advised by Arcapita and its affiliates	100.0

As of 30 June 2011, Arcapita's balance sheet had paid-in capital of U.S.$311 million, balance sheet footing of U.S.$3.7 billion and equity capital base of U.S.$1.1 billion. As of 30 September 2011, Arcapita had 81 investments with a total transactions value of approximately U.S.$28 billion in four lines of business: Private Equity, Real Estate, Infrastructure and Venture Capital.

THE ISSUER

The Issuer is an exempted company incorporated in the Cayman Islands with limited liability. The Issuer was incorporated on 9 June 2011 under the Companies Law (2011 Revision) of the Cayman Islands with company registration number 257711. The registered office of the Issuer is at Paget-Brown Trust Company Ltd., Boundary Hall, Cricket Square, PO Box 1111, Grand Cayman KY1-1102, Cayman Islands.

The authorised share capital of the Issuer is £50,000 divided into 50,000 ordinary shares of par value £1.00 each, of which 250 shares are in issue. All of the issued shares (the "Shares") of the Issuer are fully paid and are held by the Share Trustee pursuant to the Declaration of Trust. The Shares will constitute Collateral upon the Issuer Transfer Date. Pursuant to the Declaration of Trust, the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Declaration of Trust) and may only dispose or otherwise deal with the Shares on or after the Escrow Release Date. Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has power to benefit Qualified Charities (as defined in the Declaration of Trust). It is not anticipated that any distribution will be made while any Note is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares. The Notes are the obligations of the Issuer alone and not the Share Trustee.

The Issuer has been formed as a special purpose financing company for the primary purpose of facilitating the offering of the Notes and the proceeds from the Notes will be delivered into the Escrow Accounts. The equity interests of the Issuer will be transferred to Viridian Group FundCo I Limited on the Issuer Transfer Date, which is expected to be the Escrow Release Date. The Issuer has not had and, prior to the Issuer Transfer Date, will not have any material business operations or assets, other than its rights under the documents to be executed in connection with the offering of the Notes. Prior to the Issuer Transfer Date, holders of the Notes will not have any recourse to the Issuer other than in respect of amounts deposited in the Escrow Accounts and amounts delivered to the Issuer by the Group, if any. The Issuer is a special purpose entity with no operations of its own which will become a 100% indirect wholly owned subsidiary of VGIL and, therefore, will not prepare or publish independent financial statements as such financial statements are not relevant to bond holders. The Issuer does not have any past or future investments independent of VGIL. Aside from the Notes, the Issuer has no indebtedness, borrowings, loan capital or contingent liabilities. As of the Issue Transfer Date, the Issuer holds 100% of the share capital in each of the Subsidiary Guarantors. See "*Risk Factors—Risks Related to the Notes—The Issuer will be an unaffiliated special purpose financing company prior to the Issuer Transfer Date, and holders of the Notes will have limited recourse to the Issuer during this period*".

The creation and issuance of the Notes has been authorised by resolutions of the board of directors of the Issuer passed on 21 February 2012.

The corporate secretary of the Issuer is The Secretary Ltd. The assistant secretary is Mustafa Aramaz. The management of the Issuer is set out in the table below:

Name	Position	Date Appointed
Henry Alexander Thompson	Chairman	9 June 2011
Mohammed Abdul Muiz Chowdhury	Vice-President	9 June 2011
Essa Zainal	Vice-President	9 June 2011
Arthur Merriam Rogers III	Vice-President	9 June 2011
Charles Darnay Ltd.	Vice-President	9 June 2011

The addresses of The Secretary Ltd and Charles Darnay Ltd. are P.O. Box 1111, Grand Cayman KY1-1102, Cayman Islands. The addresses of Mr. Thompson, Mr. Chowdhury, Mr. Zainal and Mr. Rogers are P.O. Box 1406, Manama, Bahrain.

VGIL

VGIL has one class of 50,000 ordinary shares with a par value of £1.00 (with 1,510 shares called up, issued and fully paid). Viridian Group Holdings Limited holds 1,510 VGIL ordinary shares with a book and a nominal value of £1,510. VGIL holds none of its own issued shares. Except as described in the Consolidated Financial Statements and the financial statements for the First Nine Months 2012 and except for the investment in Viridian FundCo I described in "Summary Corporate and Financing Structure", VGIL has no past or future material investments.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Viridian enters into transactions with its shareholders and other entities owned by its shareholders in the ordinary course of business. These transactions include, among others, financing agreements and professional, advisory, consulting and other corporate services.

During Fiscal Year 2011, Viridian contributed £27.4 million (£15.9 million in Fiscal Year 2010) to the VGPS and the Complementary Pension Plan (CPP). The Group also received £0.3 million (2010—£0.3 million) in respect of administrative services provided to the VGPS.

During Fiscal Year 2011, the Group paid £3.0 million (£3.0 million in Fiscal Year 2010) as well as an additional £1.5 million as a prepayment in respect of First Nine Months 2012 (£1.5 million in First Nine Months 2011) to Arcapita Ltd in respect of management fees which include amounts relating to the remuneration of Arcapita appointed directors. Arcapita Ltd is a company incorporated in Great Britain, and the immediate parent undertaking of Arcapita Ltd is Arcapita (Europe) Limited, a company incorporated in the Cayman Islands. The ultimate parent undertaking and controlling party is Arcapita.

The parent undertaking of the Company is Viridian Group Holdings Limited, a company incorporated in the Cayman Islands. The ultimate parent undertaking and controlling party of the Group is Arcapita.

As at 31 December 2011, Viridian owed £541.4 million to Viridian Group Holdings Limited (31 December 2010: £547.4 million) which is repayable on demand. Interest of £7.6 million was paid to Viridian Group Holdings Limited in respect of this loan in the period ended 31 December 2011 (31 December 2010: £20.4 million).

During Fiscal Year 2011 the Group advanced loans totalling £116.6 million to ElectricInvest (Cayman) Limited, a fellow subsidiary undertaking of the Company. These loans remain outstanding as at 31 December 2011 at £113.3 million, with interest of £1.5 million received by Viridian during Fiscal Year 2011 and £0.8 million received by Viridian during First Nine Months 2012. ElectricInvest (Cayman) Limited has utilised these loans to acquire loans payable under Viridian Group Holdings Limited's Junior Credit Facility. See "Summary—The Refinancing".

Upon successful completion of the Refinancing, Viridian expects to pay bonuses to certain board members and certain members of its senior management.

Viridian has consultancy contracts in place with certain entities controlled by Ron Series, an Independent Non-executive Director of Viridian Group Limited and Viridian Power and Energy Holdings Limited, pursuant to which Mr. Series is paid consultancy fees.

Other than the transactions described above and certain transactions discussed in "Description of Certain Indebtedness", Viridian has not entered into related party transactions of a material nature. See "Description of Certain Indebtedness" for a discussion of all of Viridian's material financing arrangements.

DESCRIPTION OF CERTAIN INDEBTEDNESS

The following contains a summary of the material provisions of the Revolving Credit Facility Agreement, the Junior Credit Facility Agreement, the Intercreditor Agreements, and certain other instruments or facilities.

Terms not otherwise defined in this section shall, unless the context otherwise requires, have the same meanings set out in the Notes, the Revolving Credit Facility Agreement, the Junior Credit Facility Agreement or the Intercreditor Agreements, as the case may be, in each case as defined below.

Revolving Credit Facility Agreement

Revolving Credit Facility

The Revolving Credit Facility was entered into on 5 March 2012. The Revolving Credit Facility which can be drawn in Sterling or euro is in a principal amount of £225,000,000. Any amounts drawn under the Revolving Credit Facility are permitted to be used for the general corporate purposes of the Group other than for payments in respect of any dividends, or with respect to capital expenditure or acquisitions of businesses or any repayment, prepayment, redemption, purchase, repurchase or defeasance of the Notes. There is a separate sub-limit of £125 million on utilisations by way of loans (excluding cash collateralised LOCs) and an ancillary facility sub-limit of £50,000,000.

The borrowers under the Revolving Credit Facility are Viridian Group Limited and VPEHL.

Interest rates and fees

The initial rate of interest on each loan under the Revolving Credit Facility for each interest period is the percentage rate *per annum* which is the aggregate of the applicable: (a) margin of 3.5% for loans and 3% for LOCs; (b) LIBOR (or, where applicable to Loans in euro, EURIBOR); and (c) and certain mandatory costs, if any. The applicable margin is subject to ratchet provisions calculated on the basis of a total net leverage test. The Borrower to which a Loan has been made shall pay accrued interest on that Loan on the last day of each interest period.

A commitment fee is payable quarterly in arrears on the available but unused commitments under the Revolving Credit Facility at a rate of 40.0% of the applicable margin.

Maturity

The Revolving Credit Facility shall be repaid in full on the date that is 54 months following the Escrow Release Date.

Conditions to borrowing

Utilisations of the Revolving Credit Facility will be subject to customary conditions precedent.

Prepayment

Subject to certain thresholds and other qualifications, there are mandatory prepayments required to be made upon the occurrence of certain events such as purchase or redemption of the notes and asset sales. In addition, there is an annual clean down obligation which requires that, at least once in any financial year, the total amount of loans drawn under the Revolving Credit Facility Agreement, less cash and cash equivalents, must not exceed £25,000,000 for a period of five successive business days.

Upon the occurrence of a Change of Control or the sale of all or substantially all of the assets of the Restricted Group whether in a single transaction or a series of related transactions, the Revolving Credit Facility will be cancelled and all outstanding utilisations and ancillary facility outstandings, together with accrued interest, and all other amounts accrued under the Revolving Credit Facility documents, shall become immediately due and payable.

Undertakings and covenants

The Revolving Credit Facility Agreement contains certain negative undertakings that are substantially similar to those in the Indenture governing the Notes. The Revolving Credit Facility Agreement will also contain customary negative covenants, subject to certain agreed exceptions, including, but not limited to, (i) restrictions on change of business, (ii) changing the status of certain holding companies, (iii) tax residence, (iv) amendments to equity documents, (v) treasury transactions, (vi) change in accounting reference date and/or auditors, (vii) purchase or redemption of the Notes, (viii) centre of main interests and (ix) restrictions on certain disposals.

The Revolving Credit Facility Agreement also requires each obligor to observe certain affirmative undertakings subject to materiality and other customary and agreed exceptions.

These affirmative undertakings include, but are not limited to, undertakings related to (i) compliance with relevant laws, rules and regulations (including environmental), (ii) payment of taxes, (iii) the delivery of audited consolidated annual financial statements, unaudited consolidated quarterly financial statements and annual budgets, (iv) notice of default and material litigation, (v) access to premises, books and records, and right to request information relating to the financial condition of the Bank Group, (vi) insurance, (vii) the maintenance of and funding of pension schemes, (viii) maintenance of assets and (ix) compliance with and maintenance of material authorisations. There is also an affirmative undertaking in relation to guarantor coverage (by reference to 90% of consolidated EBITDA and consolidated total assets of the Group (excluding Power NI Energy Limited and the Project Finance Subsidiaries), subject to certain exceptions.

The Revolving Credit Facility Agreement will also require us to ensure compliance with a financial covenant relating to total net leverage (calculated as the ratio of total net debt to EBITDA, measured at each quarter end for the 12 months ending on the relevant quarter end).

Events of default

The Revolving Credit Facility Agreement sets out customary events of default in relation to the Revolving Credit Facility the occurrence of which would, subject to any applicable grace periods, cure rights and agreed exceptions, allow the Lenders of the Revolving Credit Facility to accelerate all outstanding loans and terminate their commitments under the Revolving Credit Facility. The customary events of default, subject to certain agreed exceptions, include (i) non payment, (ii) non-compliance with financial covenant, (iii) misrepresentation, (iv) cross default, (v) insolvency, insolvency proceedings or creditors' process, (vi) cessation of business, (vii) change of ownership, (viii) audit qualification, (ix) expropriation, (x) litigation, and (xi) material adverse change.

Security, guarantee and indemnity

It is intended that the Revolving Credit Facility will be secured by the same Collateral as for the Notes as set out under "Description of the Notes—Security".

Under the terms of the Intercreditor Agreement, the proceeds of any enforcement of the Collateral will be applied to repayment of the Revolving Credit Facility and certain priority hedging obligations in priority to repayment of the Notes.

The provision and the terms of the Collateral will in all cases be subject to certain limitations and are at all times and in all cases subject to the requirements of applicable law and the other matters set out in the Revolving Credit Facility Agreement. Please see "Risk Factors—Risks Related to the Notes—Applicable law and other limitations on the enforceability of the security may adversely affect its validity and enforceability".

The Revolving Credit Facility will be guaranteed by Viridian Group Investments Limited, Viridian Group FundCo I Limited, Viridian Group FundCo II Limited, Viridian Group FundCo III Limited, EI Ventures Limited, Huntstown Power Company Limited, VPEHL, Viridian Power Limited, Viridian Energy Limited, Power and Energy Holdings (RoI) Limited, Viridian Group Limited, VPEL, Viridian Energy Supply Limited, ElectricInvest (Lux) ROI S.à r.l. and ElectricInvest (Cayman) Limited, each a "Guarantor". Each Guarantor irrevocably and unconditionally jointly and severally:

(a) guarantees to each finance party punctual performance by each other obligor of all that obligor's obligations under the Revolving Credit Facility Agreement;

(b) undertakes with each finance party that whenever another obligor does not pay any amount when due under or in connection with any finance document relating to the Revolving Credit Facility Agreement, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and

(c) indemnifies each finance party immediately on demand against any cost, loss or liability suffered by that finance party if any obligation guaranteed by it pursuant to the Revolving Credit Facility Agreement is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that finance party would otherwise have been entitled to recover.

Governing law

The Revolving Credit Facility Agreement is governed by and construed and enforced in accordance with English law, although the incurrence covenants contained therein, which largely replicate the relevant covenants from the Notes, shall be interpreted in accordance with the laws of the State of New York.

Junior Credit Facility

Refinancing and Amendments to Junior Credit Facility

Prior to the Refinancing, the outstanding principal amount of the Junior Credit Facility was £548.8 million.

Certain affiliates of the Issuer's parent entities and DB Global Markets, in connection with the Refinancing and pursuant to the Participation Loan (on behalf of an affiliate of Arcapita), acquired participations in the Junior Credit Facility with an aggregate principal amount equal to £366.4 million using a £103.5 million equity investment from Arcapita, the Participation Loan and £113.3 million loaned by Viridian to ECL. The remaining £182.4 million in aggregate principal amount outstanding of the Junior Credit Facility is owed to third parties. The total aggregate principal amount outstanding will be converted into a PIK instrument through an amendment to the Junior Credit Facility Agreement. In connection with the Refinancing, £366.4 million in aggregate principal amount of debt outstanding of the Junior Credit Facility held by certain affiliates of Viridian's parent entities will be consolidated into a single affiliate and that affiliate will be contributed to the capital of Viridian Group FundCo III Limited. See "Summary—The Refinancing".

In connection with the Offering, Viridian has received the consents required pursuant to the Junior Credit Facility Agreement, to amend and restate the Junior Credit Facility Agreement.

The Junior Credit Facility Amendment, among other changes, will: (i) extend the maturity of the Junior Credit Facility until a date falling eight years after the Escrow Release Date; (ii) increase the interest rate and change the interest payment requirement under the Junior Credit Facility Agreement from cash-pay to a PIK instrument; (iii) replace existing covenants with covenants substantially similar to the covenants of the Notes and giving some additional rights to the lenders under the Junior Credit Facility, limited to restrictions on transactions and distributions to shareholders and their affiliates and restrictions on the activities of the borrowers under the Junior Facility Agreement and certain other entities outside the Restricted Group; (iv) replace all information undertakings with information undertakings substantially similar to the information undertakings of the Revolving Credit Facility; (v) make all necessary amendments to the Junior Credit Facility Agreement to ensure that the Notes and the Revolving Credit Facility, and all hedging permitted thereunder (including all related guarantees), are permitted; (vi) amend the Junior Credit Facility Agreement to ensure that the Existing Senior Credit Facilities can be fully repaid without requiring any repayment under the Junior Credit Facility Agreement; (vii) delete all mandatory prepayment requirements under the Junior Credit Facility Agreement, with the exception of "Change of Control" (defined substantially similarly to the corresponding definition in the Notes), and the addition of mandatory prepayment requirements in respect of excess proceeds from the disposal of the Group's operational and in-construction wind farm assets, excess proceeds from the refinancing of the Notes, any other financial indebtedness incurred by VGHL in excess of £1 million and the net proceeds from the sale of any other assets by the Group (other than the operational and in-construction wind farm assets); (viii) allow the release of certain collateral currently securing obligations under the Junior Credit Facility; (ix) allow for the contribution of Junior Debt owned by Arcapita and its affiliates into the Group and allow for the issuance by any member of the Group to Arcapita or any of its affiliates of debt instruments that are subordinated to the Junior Credit Facilities in consideration of the Contribution and (x) provide Junior Lenders with second-ranking security over Viridian's portfolio of operating and in-construction wind farm assets.

In the event that all Junior Lenders consent to the Junior Credit Facility Amendment, additional amendments will be made to the Junior Credit Facility Agreement including the tranching of the Junior Credit Facility into two separate facilities: Facility A and Facility B. Facility A will represent the commitments held by third party Junior Lenders and Facility B will represent the commitments held by, following the Contribution, ECL. Other amendments that will be incorporated into the Junior Credit Facility Agreement or the Existing Intercreditor Agreement in an unanimous consent scenario include:

(a) final maturity dates of eight and nine years after the Escrow Release Date for Facility A and Facility B, respectively;

(b) Facility A to rank senior to Facility B in right of repayment, prepayment and recoveries;

(c) no cash or PIK interest payable in relation to Facility B;

(d) no voting rights or information rights for holders of Facility B debt until Facility A is repaid in full;

(e) notification requirements on Junior Lenders of any assignment, transfer or sub-participation of commitments under Facility A;

(f) restrictions on any assignment, transfer or sub-participation of Facility B until Facility A has been repaid in full;

(g) restrictions on any debt purchases by VGHL and its subsidiaries, Arcapita and its Affiliates (including disenfranchisement of voting rights and information rights);

(h) defaulting lender and impaired agent provisions; and

(i) the option for Junior Lenders under Facility A to be repaid at 101% in case of change of control.

The borrower under the Junior Credit Facility is Viridian Group Holdings Limited.

Maturity

The Junior Credit Facility shall be repaid on the eighth anniversary of the Escrow Release Date subject to further changes in the event that unanimous Junior Lender consent is received in respect of the Junior Credit Facility Amendment as described above in "—Refinancing and Amendments to Junior Credit Facility".

Interest rates

The interest rate with respect to the loan under the Junior Credit Facility, as amended, for each interest period is the higher of (1) the percentage rate *per annum* which is equal to the aggregate of (a) 4.50% *per annum*, (b) LIBOR or EURIBOR, as applicable, and (c) certain additional costs, and (2) (a) 14% *per annum* or (b) 13.5% *per annum* in the event that the third party Junior Lenders have received a prepayment of at least £20 million (or its equivalent). Interest accrues daily from and including the first day of an interest period and is payable in kind on the last day of each interest period (unless the borrower has elected to pay interest (in whole or in part) in cash for an interest period (no such election may be made by the borrower until after 31 March 2014)) and is calculated on the basis of a 365-day year.

Undertakings and covenants

The Junior Credit Facility Agreement contains certain negative undertakings that are substantially similar to those in the Indenture governing the Notes, including mandatory prepayment upon "Change of Control" (defined substantially similarly to the corresponding definition in the Notes), as well as a mandatory prepayment of any excess sale proceeds (if any) of the renewables assets after repayment in full of the Participation Loan. The Junior Credit Facility Agreement undertakings also contain restrictions on dividends. The Junior Credit Facility Agreement does not contain any financial covenants.

Events of default

The Junior Credit Facility Agreement sets out certain events of default in relation to the Junior Credit Facility. The events of default will be substantially similar to those in the Indenture governing the Notes, save that there is no cross-payment defaults under the Junior Credit Facility Agreement, only cross-acceleration. The occurrence of an event of default under the Junior Credit Facility Agreement subject to any applicable grace periods, cure rights and agreed exceptions, allows the Lenders of the Junior Credit Facility to accelerate all outstanding loans under the Junior Credit Facility.

Security for the Junior Facility

Under the Junior Credit Facility, the Lenders have the benefit of the following security: (a) a first-ranking share pledge over the shares in Viridian Group Holdings Limited and (b) a share pledge over the shares in Viridian Group Investments Limited (which will become first-ranking upon the discharge of the share pledge securing the Group's existing Senior Debt and a first-ranking charge over an existing liquidity reserve account). In connection with the Junior Credit Facility Amendment, Junior Lenders will also receive second-ranking security over Viridian's portfolio of operating and in-construction wind farm assets.

Management Fee

The covenants in the Junior Credit Facility Amendment permit the payment of a management fee by VGHL and certain of its subsidiaries to Arcapita for so long as the Notes are outstanding, provided that such fee shall not exceed £3 million per annum in aggregate.

Intercreditor Agreements

The Existing Intercreditor Agreement, to which the Agent under the Junior Credit Facility is party, will be amended and restated, and the Security Agent will become a party to the Existing Intercreditor Agreement in order to ensure the Revolving Facility Lenders, holders of the Notes, Hedging Counterparties and Pari Passu Debt holders receive the benefit of the turnover, standstill and waterfall provisions contained in the Existing Intercreditor Agreement. All other intercreditor arrangements, including provisions relating to restrictions of certain payments, will be governed by the new Intercreditor Agreement described below.

In connection with entering into the Revolving Credit Facility and the Indenture, the Issuer, the Guarantors and certain other subsidiaries of the Issuer will enter into the Intercreditor Agreement to govern the relationships and relative priorities among: (i) the lenders under the Revolving Credit Facility (the "RCF Lenders"); (ii) any persons that accede to the Intercreditor Agreement as counterparties to certain other hedging agreements (collectively, the "Hedging Agreements" and any persons that accede to the Intercreditor Agreement as counterparties to the Hedging Agreements are referred to in such capacity as the "Hedge Counterparties"); (iii) the Trustee, on its behalf and on behalf of the holders of the Notes (the "Noteholders"); (iv) the Creditor Representatives (as defined below); (v) intra-group creditors and debtors; and (vi) the direct and/or indirect shareholder of the Issuer in respect of certain structural debt that the Issuer has or may incur in the future (including the shareholder loans). In addition, the Intercreditor Agreement regulates the relationship between the Issuer and its Restricted Subsidiaries, on the one hand, and the direct and/or indirect shareholders of the Issuer and related parties, on the other hand.

The Issuer and each of its Restricted Subsidiaries that incurs any liability or provides any guarantee under the Revolving Credit Facility or the Indenture are each referred to in this description as a "Debtor" and are referred to collectively as the "Debtors". In this description "Group" refers to the Parent and its Restricted Subsidiaries.

The Intercreditor Agreement will set out:

- the relative ranking of certain indebtedness of the Debtors;
- the relative ranking of certain security granted by the Debtors;
- when payments can be made in respect of certain indebtedness of the Debtors;
- when enforcement actions can be taken in respect of that indebtedness;
- the terms pursuant to which that indebtedness will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions; and
- when security and guarantees will be released to permit a sale of any assets subject to transaction security (the "Collateral").

The Intercreditor Agreement will contain provisions relating to future indebtedness that may be incurred by the Issuer and the Guarantors that is permitted by the Revolving Credit Facility and the Indenture to rank *pari passu* with the Revolving Credit Facility and the Notes and be secured by the Collateral, subject to the terms of the Intercreditor Agreement, such debt being "Pari Passu Liabilities" and the creditors of such debt being "Pari Passu Creditors". The Intercreditor Agreement will provide that, after the RCF Discharge Date, any credit facility constituting a Credit Facility under the Indenture, the creditors of which are entitled under the terms of the Indenture to rank senior to the Noteholders in respect of the proceeds of the enforcement of Collateral (each such facility and together with the Revolving Credit Facility, the "Credit Facilities" and each finance document relating thereto, a "Credit Facility Document"). Each lender of a Credit Facility is a "Credit Facility Lender" and the liabilities of the Debtors to the Credit Facility Lenders are the "Credit Facility Lender Liabilities". The Intercreditor Agreement allows for a refinancing in full or in part of the Notes and/or a refinancing of the Revolving Credit Facility.

The provisions of the Intercreditor Agreement will override anything in the Revolving Credit Facility or the Indenture to the contrary save that in the event of a conflict of terms of the Intercreditor Agreement and the Existing Intercreditor Agreement, the terms of the Existing Intercreditor Agreement shall prevail, provided that in the event of any conflict of the provisions relating to enforcement of Collateral, the Security Agent or the schedule in the Existing Intercreditor Agreement setting out certain provisions for the Security Agent, in each case, between the Existing Intercreditor Agreement and the Intercreditor Agreement, the latter shall prevail.

By accepting a Note, holders of the Notes shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement.

The following description is a summary of certain provisions, among others, contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety, and Viridian urges you to read that document because it, and not the description that follows, defines your rights as holders of the Notes.

Ranking and Priority

The Intercreditor Agreement will provide, subject to the provisions in respect of permitted payments described below, that the Credit Facility Lender Liabilities and the liabilities of the Debtors under the Hedging Agreements (the "Hedging Liabilities") (and in respect of Hedging Liabilities which relate to (i) currency hedging, (ii) interest rate hedging or (iii) commodities hedging up to a cap of £70,000,000 (or its equivalent in any currency or currencies) in aggregate (the "Super Senior Hedging Liabilities", and together with the Credit Facility Lender Liabilities, the "Super Senior Liabilities")), the liabilities of the Debtors in respect of the Notes (the "Notes Liabilities"), the liabilities of the Debtors to the Trustee (the "Trustee Liabilities"), the liabilities of the Debtors to the Creditor Representatives (the "Creditor Representative Liabilities"), the liabilities of the Debtors to the Security Agent (the "Security Agent Liabilities") and certain other unsecured liabilities will rank in right and priority of payment in the following order:

- *first*, the Super Senior Liabilities, the Notes Liabilities, the Trustee Liabilities, the Pari Passu Liabilities, the Hedging Liabilities (excluding the Super Senior Hedging Liabilities), the Creditor Representative Liabilities and the Security Agent Liabilities *pari passu* and without any preference between them;

- *second*, certain intra-company obligations of the Issuer and the Guarantors (the "Obligors") to the Issuer and its subsidiaries (the "Intra-Group Liabilities"); and

- *third*, investor debt (which consists of liabilities owed by any Obligor to any shareholder, direct or indirect, of the Issuer) (the "Shareholder Liabilities" and together with the Intra-Group Liabilities, the "Subordinated Liabilities").

The parties to the Intercreditor Agreement will agree in the Intercreditor Agreement that the security provided by the Debtors and the other parties for the Super Senior Liabilities, the Notes Liabilities, the Trustee Liabilities, the Pari Passu Liabilities, the Hedging Liabilities, the Creditor Representative Liabilities and the Security Agent Liabilities (together the "Secured Liabilities") will rank and secure all such liabilities *pari passu* and without any preference between them.

Under the Intercreditor Agreement, all proceeds from enforcement of the Collateral will be applied as provided below under "—Application of Proceeds".

Permitted Payments

The Intercreditor Agreement will permit, among other things, payments to be made by the Debtors under the Revolving Credit Facility and the Indenture. The Intercreditor Agreement will also permit payments from time to time when due to lenders owed any Intra-Group Liabilities ("Intra-Group Liabilities Payments") if at the time of payment no acceleration event has occurred in respect of a Credit Facility, the Pari Passu Liabilities, the Notes Liabilities (an "Acceleration Event") and is continuing. The Intercreditor Agreement will permit Intra-Group Liabilities Payments if such an Acceleration Event has occured and is continuing if (i) prior to the date on which all Secured Liabilities are discharged (the "Secured Liabilities Discharge Date"), with the consent of (a) the Majority Super Senior Credit Facility Creditors, (b) the Noteholders holding in aggregate the principal amount of Notes required to vote in favour of the relevant direction, approval, consent or waiver under the terms of the Indenture or, if the required amount is not specified, holding at least the majority of the principal amount of the then outstanding Notes (treating any Notes held by Debtors or affiliated as not outstanding) (the "Notes Required Holders") (see below), (c) the Pari Passu Creditors holding in aggregate the principal amount of the relevant Pari Passu Liabilities required to vote in favour of the relevant direction, approval, consent or waiver under the terms of the relevant document relating to Pari Passu Liabilities (the "Pari Passu Debt Documents") or, if the required amount is not specified, holding at least the majority of the principal amount of the then outstanding Pari Passu Liabilities (treating any Pari Passu Liabilities held by Debtors or affiliates as not outstanding (the "Pari Passu Liabilities Required Holders") and (d) the Hedge Counterparties, whose Hedge Liabilities (excluding any Super Senior Hedging Liabilities) together exceed $66^2/_3$% of all the Hedging Liabilities (excluding any Super Senior Liabilities) (the "Majority Hedge Counterparties", and together with the Majority Super Senior Credit Facility Creditors, the Notes Required Holders and the Pari Passu Debt Required Holders, the "Consent Group") or (ii) that payment is made to facilitate payment of the Secured Liabilities.

Payments may be made on Shareholder Liabilities from time to time when due if: (i) the payment is expressly permitted by the Credit Facility Documents, the documents relating to the Notes ("the Senior Secured Notes Documents") and the Pari Passu Debt Documents; or (ii) prior to the Secured Liabilities Discharge Date, the Consent Group gives written consent to such payment being made.

Creditor Representative

Under the Intercreditor Agreement, the parties appoint various Creditor Representatives. "Creditor Representative" means:

(a) in relation to the RCF Lenders, the Revolving Credit Facility agent (the "RCF Agent");

(b) in relation to the Credit Facility Lenders under any other Credit Facility, the facility agent (or equivalent) in respect of that credit facility (an "Additional Credit Facility Agent", and, together with the RCF Agent, a "Credit Facility Agent");

(c) in relation to the Noteholders, the Trustee;

(d) in relation to the Pari Passu Creditors, the creditor representative for such Pari Passu Creditors (the "Pari Passu Debt Representative"); and

(e) in relation to any Hedge Counterparty, such Hedge Counterparty which shall be its own Creditor Representative.

Entitlement to Enforce Collateral

The Security Agent may refrain from enforcing the Collateral unless otherwise instructed by, depending on the circumstances, and the Majority Super Senior Creditors or the Majority Secured Senior Creditors (each as defined below) ("the Instructing Group") (please see "Manner of Enforcement" below). The Security Agent may refrain from acting in accordance with instructions from any other person to enforce the Collateral until it is indemnified by the relevant creditors and provided that those instructions are inconsistent with the Intercreditor Agreement.

Limitation on Enforcement by Super Senior Creditors and Senior Secured Creditors

If either those Super Senior Creditors (as defined below) whose super senior credit participations aggregate more than $66^2/_3\%$ of the total super senior credit participations (the "Majority Super Senior Creditors") or those creditors of Notes Liabilities (the "Senior Secured Notes Creditors"), the Pari Passu Creditors and the Hedge Counterparties (other than to the extent of their Super Senior Hedging Liabilities) (together, the "Senior Secured Creditors") (excluding any Hedge Counterparty in respect of its Hedging Liabilities) whose senior secured credit participates aggregate more than 50% of the total senior secured credit participations (the "Majority Senior Secured Creditors") wish to instruct the Security Agent to commence enforcement of any Collateral, such group of creditors must deliver a copy of the proposed instructions as to enforcement of any Collateral (the "Enforcement Proposal") to the Security Agent and the Creditor Representatives for each of the creditors of the Super Senior Liabilities (the "Super Senior Creditors") and/or the Noteholders and the Pari Passu Debt Representative (as appropriate) at least 10 business days prior to the proposed date of issuance of instructions under such Enforcement Proposal (the "Proposed Enforcement Instruction Date").

Until the Super Senior Discharge Date, if the Security Agent has received conflicting enforcement instructions (which includes a failure by the Majority Super Senior Creditors or the Notes Required Holders or the Pari Passu Debt Required Holders to give any instruction), then the Security Agent will promptly notify the relevant Creditor Representatives and such Creditor Representatives will consult with each other and the Security Agent for a period of not less than 20 days (or such shorter period as the relevant Creditor Representatives may agree) (the "Initial Consultation Period") from the earlier of (i) the date of the latest such conflicting Enforcement Proposal and (ii) the date falling 10 business days after the date the first Enforcement Proposal is delivered, with a view to co-ordinating instructions as to enforcement of the Collateral.

The Creditor Representatives will not be obliged to consult as described above if:

(i) the Collateral has become enforceable as a result of an insolvency event;

(ii) a period of not less than six months has elapsed since the Proposed Enforcement Instruction Date and no enforcement is being effected by the Security Agent; or

(iii) the Creditor Representatives agree that no Consultation Period is required or agreed to a shorter consultation period.

If the Majority Super Senior Creditors or the Majority Senior Secured Creditors (acting reasonably) consider that the Security Agent is enforcing the Collateral in a manner which is not consistent with certain Security Enforcement Principles (as referred to below), the relevant Creditor Representatives shall give notice to the Creditor Representatives for the other Super Senior Creditors, the Pari Passu Creditors and the Notes (as appropriate) after which the Creditor Representatives for the other Super Senior Creditors, the Pari Passu Creditors and the Notes shall consult again with the Security Agent for a period of 10 days (or such lesser period as the relevant Creditor Representatives may agree) with a view to agreeing the manner of enforcement provided that such Creditors Representative shall not be obliged to consult again more than once in relation to each enforcement action and shall not be obliged to consult in any of the circumstances described in paragraphs (i), (ii) or (iii) of the previous paragraph.

The Instructing Group may only give enforcement instructions that are consistent with certain security enforcement principles (the “Security Enforcement Principles”), including that:

(i) it shall be the primary and overriding aim of any enforcement of the Collateral to be in accordance with the Security Enforcement Objective (being to maximise, so far as is consistent with prompt and expeditious realisation of value from enforcement of the Collateral, the recovery by the Super Senior Creditors, the Noteholders, the Pari Passu Creditors, the Hedge Counterparties (to the extent not a Super Senior Creditor), the Creditor Representatives, the arrangers of any Credit Facility, the Security Agent, the delegates of the Security Agent and any receiver (together, the “Secured Parties”);

(ii) the Collateral will be enforced and other enforcement action will be taken such that either:

   (a) all proceeds or enforcement are received by the Security Agent in cash for distribution in accordance with the Intercreditor Agreement (please see “Application of Proceeds”) below: or

   (b) sufficient proceeds from enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the Intercreditor Agreement (please see “Application of Proceeds” below), the Super Senior Liabilities are repaid and discharged in full (unless the Majority Super Senior Creditors agree otherwise);

(iii) the enforcement actions are prompt and expeditious it being acknowledged that, subject to the other provisions of the Intercreditor Agreement, the time frame for the realisation of value from the enforcement of the Collateral or distressed disposal pursuant to enforcement will be determined by the Instructing Group (please see “Manner of Enforcement” below) provided that it is consistent with the Security Enforcement Objective;

(iv) to the extent that the Collateral that is the subject of the proposed enforcement action is:

   (a) over assets other than shares in a member of the Group where the aggregate book value of such assets exceeds £5,000,000 (or its equivalent in any other currency or currencies) (“Material Collateral”); or

   (b) over some or all of the shares in a member of the Group,

   then the Security Agent shall, if requested by the Majority Super Senior Creditors or the Majority Senior Secured Creditors and at the expense of such creditors (unless it is incompatible with, or unnecessary in respect of enforcement proceedings in a relevant jurisdiction) appoint a “big four” accounting firm, any reputable and independent international investment bank or other reputable and independent professional services firm with experience in restructuring and enforcement (a “Financial Advisor”) to opine as expert on:

      (1) the optimal method of enforcing the Collateral so as to achieve the Security Enforcement Principles and maximise the recovery of any such enforcement action;

      (2) that the proceeds received from any such enforcement is fair from a financial point of view after taking into account all relevant circumstances; and

      (3) that such sale is otherwise in accordance with the Security Enforcement Objective,

   the (“Financial Advisor’s Opinion”);

(v) The Security Agent shall not be required to appoint a Financial Advisor nor obtain a Financial Advisor’s Opinion if a proposed enforcement of Collateral:

(a) would result in the receipt of sufficient enforcement proceeds in cash by the Security Agent as to ensure that, after application in accordance with the Intercreditor Agreement, the Secured Liabilities would be repaid in full;

(b) is in accordance with any applicable law; and

(c) complies with the provisions of the Intercreditor Agreement in relation to distressed disposals (please see "—Intercreditor Agreements—Release of the Guarantees and the Security—Distressed Disposal" below);

(vi) the Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by any provision of the Intercreditor Agreement;

(vii) the Financial Advisor's Opinion (or any equivalent opinion obtained by the Security Agent in relation to any other enforcement of the Collateral that such action is fair from a financial point of view after taking into account all relevant circumstances) will be conclusive evidence that the Security Enforcement Objective has been met;

(viii) in the event that an enforcement of the Collateral is over Material Collateral and such enforcement is conducted by way of public auction, any equity investors of the Group shall be entitled to participate in such auction, but this shall not require enforcement of Collateral to take place by way of public auction;

(ix) in the absence of written notice from a creditor or group of creditors entitled to issue enforcement instructions that are not part of the relevant Instructing Group (please see "—Intercreditor Agreements—Manner of Enforcement" below) that such creditor(s) object to any enforcement of the Collateral on the grounds that such enforcement action does not aim to achieve the Security Enforcement Objective (an "Objection"), the Security Agent is entitled to assume that such enforcement of the Collateral is in accordance with the Security Enforcement Objective;

(x) if the Security Agent receives an Objection, a Financial Advisor's Opinion to the effect that the particular action could reasonably be said to be aimed at achieving the Security Enforcement Objective will be conclusive that the requirement referred to in paragraph (i) above has been met; and

(xi) the Security Enforcement Principles may be amended, varied or waived with the prior written consent of the Majority Super Senior Creditors, the Notes Required Holders, the Pari Passu Debt Required Holders and the Security Agent.

Manner of Enforcement

The Instructing Group entitled to give instructions to the Security Agent in respect of enforcement of Collateral comprises the Majority Super Senior Creditors and the Majority Senior Secured Creditors (in each case acting through its respective Creditor Representative) unless an insolvency event occurs in which case the instructions of the Majority Super Senior Creditors shall prevail. However, if prior to the Super Senior Discharge Date, and no insolvency event has occurred, the Security Agent has received conflicting enforcement instructions from the Creditor Representatives then, to the extent instructions from the Majority Senior Secured Creditors have been given, the Security Agent will comply with such instructions from the Majority Senior Secured Creditors provided that if the Super Senior Liabilities have not been fully and finally discharged, or no enforcement has occurred, within six months of the date on which the first such enforcement instructions were first issued, then the instructions of the Majority Super Senior Creditors will prevail. If the aforementioned conflicting enforcement instructions result from the Majority Senior Secured Creditors failing to give instructions or the Majority Senior Secured Creditors instructing that the Collateral not be enforced, then the Security Agent shall not enforce the Collateral.

Turnover

The Intercreditor Agreement will also provide that if any Super Senior Creditor, Senior Secured Notes Creditor, Hedge Counterparty (which are not Super Senior Creditors) or Pari Passu Creditor receives or recovers the proceeds of any enforcement of any Collateral, or any creditors of Subordinated Liabilities receive or recover any payment or distribution not permitted under the Intercreditor Agreement or applied other than in accordance with "Application of Proceeds" below that it shall (subject to certain prior actual knowledge qualifications in the case of the Trustee):

- in relation to receipts or recoveries not received or recovered by way of set-off, (i) hold that amount on trust for the Security Agent and promptly pay that amount or an amount equal to that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Application of Proceeds

The Intercreditor Agreement will provide that amounts received from the realisation or enforcement of all or any part of the Collateral will be applied in the following order of priority:

- *first*, in payment of the following amounts in the following order: (i) *pari passu* and *pro rata* any sums owing to the Security Agent, any of its delegates, any receiver and the Trustee, as the case may be; and then (ii) *pari passu* and *pro rata* to each Creditor Representative (to the extent not included in (i) above and excluding any Hedge Counterparty in its capacity as its own Creditor Representative) of the unpaid fees, costs, expenses and liabilities (and all interest thereon as provided in the relevant finance documents) of each Creditor Representative and any receiver, attorney or agent appointed by such Creditor Representative under any Collateral document or the Intercreditor Agreement (to the extent that such Collateral has been given in favour of such obligations);

- *second*, *pari passu* and *pro rata* in or towards payment of all costs and expenses incurred by the Super Senior Creditors in connection with any realisation or enforcement of the Collateral taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;

- *third*, in or towards payment to, on a *pro rata* basis, (i) each Credit Facility Agent on its own behalf and on behalf of the Credit Facility Lenders and the Arrangers for application towards the discharge of the Credit Facility Lender Liabilities, Credit Representative Liabilities and related Arranger Liabilities; and (ii) the relevant Hedge Counterparties for application towards the discharge of the Super Senior Hedging Liabilities;

- *fourth*, *pari passu* and *pro rata* to the Trustee on behalf of the Noteholders, to the Hedge Counterparties and the Pari Passu Debt Representative on behalf of the Pari Passu Creditors for application towards any unpaid costs and expenses incurred by or on behalf of any Noteholders, Hedge Counterparties or Pari Passu Creditors in connection with any realisation or enforcement of the Collateral taken in accordance with the terms of the Collateral documents and the Intercreditor Agreement or any action taken at the request of the Security Agent;

- *fifth*, to the Trustee on behalf of the Noteholders for application towards the discharge of the Senior Secured Notes Liabilities and to the Pari Passu Debt Representative on behalf of the Pari Passu Creditors for application towards the discharge of the Pari Passu Liabilities and to the Hedge Counterparties towards the discharge of the Hedging Liabilities (other than the Super Senior Hedging Liabilities); and

- *sixth*, after the discharge of all Secured Liabilities, in payment of the surplus (if any) to the relevant Debtor or other person entitled to it.

Additional Indebtedness

Subject to certain restrictions in the Credit Facility Documents, if a Debtor gives written notice to the Security Agent, the Creditor Representatives and the Hedge Counterparties that it intends to enter into one or more loans and/or credit or guarantee facilities and/or issue any debt securities under which it will incur additional or replacement indebtedness ("Additional Indebtedness") which is, under the terms of the Senior Secured Notes Documents, the Pari Passu Debt Documents and the Credit Facility Documents, permitted to share in the Collateral, then the parties will (at the cost, and with the consent of the Parent) enter into the requisite documentation to give effect to the Additional Indebtedness and ensue that any such obligations and liabilities related thereto will have the ranking (and the creditors under such Additional Indebtedness will have the rights and obligations) permitted to be conferred upon it in accordance with the Senior Secured Notes Documents, the Pari Passu Debt Documents and the Credit Facility Documents (including, without limitation, the entry into of a new intercreditor agreement on substantially the same terms as the Intercreditor Agreement) provided that such documentation does not adversely affect the interests of any of the Secured Parties.

Release of the Guarantees and the Security

Non-distressed Disposal

In circumstances where a disposal is not being effected by enforcement of Collateral after the Collateral has become enforceable or, in the case of a disposal to a person outside the Group, after an Acceleration Event in respect of Secured Liabilities has occurred (a "Distressed Disposal") and is otherwise permitted by Credit Facility Document, the Senior Secured Notes Indenture and the Pari Passu Debt Documents, the Intercreditor Agreement will provide that the Security Agent is authorised (i) to release the Collateral or any other claim in respect of the Secured Liabilities over the relevant asset; and (ii) if the relevant asset consists of shares in the capital of a Debtor, to release the Collateral or any other claim in respect of the Secured Liabilities over the assets of that Debtor and the shares in and assets of any of its subsidiaries.

Distressed Disposal

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement will provide that the Security Agent is authorised and instructed: (i) to release the Collateral, or any other claim over that asset; (ii) if the asset which is disposed of consists of shares in the capital of a Debtor, to release (a) that Debtor and any subsidiary of that Debtor from all or any part of its liabilities as borrower under the Subordinated Documents, its liabilities under the Credit Facility Documents, the Senior Secured Notes Documents, the Pari Passu Debt Documents, the Hedging Agreements, the Collateral documents, the Subordinated Documents, the Existing Intercreditor Agreement or the Intercreditor Agreement as a guarantor or surety ("Guarantee Liabilities") or other liabilities it may have to an Intra-Group Lender or Debtor ("Other Liabilities"); (b) any Collateral granted by that Debtor or any subsidiary of that Debtor over any of its assets; and (c) any other claim of a lender of Intra-Group Liabilities (an "Intra-Group Lender"), or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor; (iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release (a) that holding company and any subsidiary of that holding company from all or any part of its liabilities as borrower under the Subordinated Documents, its Guarantee Liabilities and Other Liabilities; (b) any Collateral granted by any subsidiary of that holding company over any of its assets; and (c) any other claim of an Intra-Group Lender or another Debtor over the assets of any subsidiary of that holding company; and (iv) if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor, to provide for the disposal of liabilities and/or the transfer of liabilities to another Debtor.

Amendment

The Intercreditor Agreement will provide that it may be amended with only the consent of the Majority Super Senior Creditors, the Notes Required Holders, the Pari Passu Debt Required Holders, the Parent and the Security Agent unless it is an amendment, waiver or consent that has the effect of changing or which relates to: (a) any amendment to the order of priority or subordination set out in the Intercreditor Agreement; or (b) any amendment to the payment waterfall, turnover provisions or enforcement provisions set out in the Intercreditor Agreement; or (c) certain provisions relating to the giving of instructions to the Security Agent or the exercise of discretion by the Security Agent or (d) the amendments provisions in the Intercreditor Agreement which shall not be made without:

(i) the Credit Facility Lenders;

(ii) the Trustee;

(iii) the Pari Passu Debt Representative;

(iv) each Hedge Counterparty (to the extent that the amendment or waiver would adversely affect the Hedge Counterparty); and

(v) the Parent.

Subject to the paragraph above and certain other exceptions, no amendment or waiver of the Intercreditor Agreement may impose new or additional obligations on or withdraw or reduce the rights of any party to the Intercreditor Agreement without the prior written consent of the party.

Option to Purchase: RCF Liabilities and Hedging Liabilities

After an Acceleration Event or the enforcement of any of the Collateral, the Trustee and the Pari Passu Debt Representative(s) may (i) at the direction and expense of one or more of the Noteholders and/or Pari Passu Creditors (as applicable); (ii) after all such Noteholders and Pari Passu Creditors have been given the opportunity to so participate; and (iii) if the Trustee and/or the Pari Passu Debt Representative(s) gives not less than ten days' prior written notice to the

Creditor Representatives of the Credit Facility Lenders and (to the extent applicable) the Hedge Counterparties, will have the right to acquire or procure the acquisition of all (but not part only) of the rights and obligations of the Credit Facility Lenders and the Hedge Counterparties in connection with the Credit Facility Lender Liabilities under the Credit Facility Documents and the Hedging Liabilities (the "Senior Acquisition Debt").

If more than one Purchasing Senior Secured Creditor wishes to exercise the option to purchase the Senior Acquisition Debt, each such Purchasing Senior Secured Creditor shall acquire the Senior Acquisition Debt *pro rata*, in the proportion that its credit participation bears to the aggregate credit participations of all the Purchasing Senior Secured Creditors. Any Purchasing Senior Secured Creditors wishing to exercise the option to purchase the Senior Acquisition Debt shall inform the Trustee in accordance with the terms of the Indenture or the relevant Pari Passu Debt Representative(s) in accordance with the terms of the relevant Pari Passu Debt Documents, who will determine (consulting with each other as required) the appropriate share of the Senior Acquisition Debt to be acquired by each such Purchasing Senior Secured Creditor and who shall inform each such Purchasing Senior Secured Creditor accordingly. Furthermore, the Trustee or the Pari Passu Debt Representative(s) (as applicable) shall promptly inform the Creditor Representatives of the Credit Facility Lenders and the Hedging Counterparties of the Purchasing Senior Secured Creditors intention to exercise the option to purchase the Senior Acquisition Debt.

Any such purchase will be on terms which will include, without limitation, payment in full in cash of an amount equal to the Credit Facility Lender Liabilities then outstanding and the amount that would be payable to the relevant Hedge Counterparty on the relevant date if the date was an Early Termination Date (as defined in the relevant Hedging Agreement) and the relevant Debtor was the Defaulting Party (under and as defined in the relevant Hedging Agreement), including in respect of any broken funding costs, as well as certain costs and expenses of the Credit Facility Lenders and the Hedge Counterparties; after the transfer, no Credit Facility Lender or Hedge Counterparty will be under any actual or contingent liability to any Debtor; the purchasing holders of Notes and Pari Passu Creditors indemnify each Credit Facility Lender and each other finance party under such Credit Facility Document and each Hedge Counterparty under the Hedging Agreements for any actual or alleged obligation to repay or claw back any amount received by such Credit Facility Lender, finance party or Hedge Counterparty; and the relevant transfer shall be without recourse to, or warranty from, any Credit Facility Lender or other finance party under such Credit Facility Document or Hedge Counterparty under any Hedging Agreements.

Governing law

The Intercreditor Agreements are each governed by English law.

Non-recourse project finance facilities

Viridian's project finance debt comprises two sets of separate ring-fenced and non-recourse facilities, each secured by certain of Viridian's wind farm assets, as follows:

(a) a euro-denominated project finance facility (the "Euro Facility") available to fund its RoI operational and in-construction wind farm assets; and

(b) a sterling-denominated project finance facility (the "Sterling Facility") available to fund its in-construction Northern Ireland wind farm assets.

While these facilities are non-recourse, other members of the Group have entered into contracts under which they are required to purchase specified amounts of energy from Viridian's wind farm assets (guaranteed by VPEHL). Prior to the Escrow Release Date, Viridian will establish a newly incorporated holding company for the Group's operational, in-construction and RoI development wind farm assets, WindCo, which will be a subsidiary of ElectricInvest I Limited sitting outside the Viridian Group. WindCo will acquire shareholdings in Viridian's two current Project Finance Subsidiary groups (VRL and its subsidiaries (of which WindCo will acquire 100% of the share capital of VRL from VPEHL) and EWP and its subsidiaries (of which WindCo, acting through a newly incorporated subsidiary, will acquire 50% of the share capital of EWP from VPEHL)). Due to certain restrictions in EWP's project finance documents, VPEHL is required to obtain the consent of the lenders under its project finance facilities prior to disposing of more than a 50% direct ownership interest in EWP. Management intends to obtain such consent in order to dispose of some or all of its remaining interest in EWP following the Escrow Release Date.

The Sterling Facility will be transferred to WindCo along with VRL. The Euro Facility will remain enforceable against VPEHL to the extent that it retains a 50% direct ownership interest in EWP.

The Euro Facility commitments initially comprised €35.8 million of amortising term facilities and a €2 million revolving working capital and a €200,000 revolving letter of credit collateral facility. As at 31 December 2011, drawn term facilities totalling €40.3 million were outstanding, €4.2 million of undrawn term facilities remained available to fund in-construction wind farm assets and € 0.1m was drawn on the letter of credit facility.

The Euro Facility was advanced to EWP as borrower and was guaranteed by its subsidiaries. The Euro Facility is secured on the assets of EWP and its subsidiaries, including the wind farms in the RoI owned and under development or operation by those subsidiaries. However, Viridian has the right to transfer out certain specified SPVs or assets that are not beneficiaries of the financing. In addition, VPEHL has granted a charge over its shares in EWP Limited together with a limited recourse guarantee, limited to the shares in EWP in favour of the lenders of the Euro Facility. Recourse to VPEHL under that share pledge is limited to the shares and derivative assets charged thereunder. The ability of EWP to pay dividends or other distributions to VPEHL, as its shareholder, is restricted under the finance documents relating to the Euro Facility.

As of 31 December 2011, Viridian's total indebtedness under the Euro Facility was £33.7 million. The average effective borrowing rate for the 12-month period ended 31 December 2011 was 5.8%.

The term facilities under the Euro Facility are repayable on an amortising six monthly profile with instalments due on 31 March and 30 September. While interest is payable on a variable rate basis based on EURIBOR, the interest payable on at least 75% of certain of the term facilities under the Euro Facility is fixed through interest rate swaps. The final repayment date of the term facilities under the Euro Facility is 31 March 2016.

The term facilities under the Sterling Facility are repayable on an amortising 6 monthly profile with instalments due on the 31 March and 30 September. While interest is payable on a variable rate basis based on LIBOR, the interest payable on 85% of the repayment profile is fixed through interest rate swaps. The final repayment date of each of the term facilities and the debt service reserve facility under the Sterling Facility is 23 February 2030. The VAT facility's final repayment date is 30 September 2012.

At the end of these facilities respective terms, assuming all outstanding amounts of principal, interest, fees, costs and expenses have been paid to the relevant finance provider, the security in place over the wind farms of the relevant guarantors should be released. The finance providers of the Euro Facility and the Sterling Facility are creditors of the borrowers and guarantors of the respective facilities (as discussed above) for all amounts of principal, interest, fees, costs and expenses outstanding under the facilities and retain security over title to the wind farms of EWP and its subsidiaries (in the case of the Euro Facility) and the wind farms of Church Hill Energy Limited and Crighshane Energy Limited (in the case of the Sterling Facility) until all such amounts are satisfied.

Bridge Loan

On the Escrow Release Date, £63.6 million from the proceeds of the Offering, together with an additional £14.7 million equity contribution from Arcapita and £9.0 million of cash held at Viridian Group Holdings Limited, will be used to repay the Cash Participation Amount. The remaining balance outstanding under the Participation Loan will effectively be converted into a renewable assets bridge loan to bridge the sale of Viridian's portfolio of currently operational and in-construction wind farm assets, which will be non-recourse to the rest of the Group. The Bridge Loan will be novated (or funded) to WindCo, which will be a subsidiary of ElectricInvest I Limited sitting outside the Viridian Group. WindCo will acquire shareholdings in Viridian's two current Project Finance Subsidiary groups (VRL and its subsidiaries (of which WindCo will acquire 100% of the share capital of VRL from VPEHL) and EWP and its subsidiaries (of which WindCo, acting through a newly incorporated subsidiary, will acquire 50% of the share capital of EWP from VPEHL)). The loans from VPEHL to the current Project Finance Subsidiary groups will be assigned to WindCo, which will become the creditor of such loans. The Bridge Loan will be secured by, *inter alia*, a limited-recourse share pledge over WindCo's ordinary shares, as well as other security relating to Viridian's in-construction and operational wind farm assets.

Letters of Credit

Letter of Credit Facilities provided by Bank of Ireland

Bank of Ireland ("BOI"), which is an Ancillary Lender, as defined in the Existing Senior Credit Agreement, has provided various letter of credit facilities to the Group which are set out in greater detail below:

(a) On 19 December 2011 Viridian Group Limited and VPEHL have entered into a letter of credit and bonding facility with BOI for an amount not exceeding £40,000,000 for a fee of 4.50% *per annum*, payable quarterly in arrears calculated on BOI's potential aggregate liability drawn under such facility. BOI's obligation under this letter of credit facility will cease on 22 November 2012;

(b) On 22 March 2011 Viridian Power Limited has entered into a letter of credit facility with BOI for an amount up to a maximum limit of £3.2 million for a fee of 1.20% *per annum*, payable quarterly in arrears calculated on BOI's potential aggregate liability drawn under such facility. BOI's obligation under that letter of credit facility will cease on 31 March 2012;

(c) On 19 December 2011 Viridian Energy Limited has entered into a letter of credit facility for an amount up to a maximum limit of € 11.5 million for a fee of 4.5% *per annum*, payable quarterly, in arrears, calculated on BOI's potential aggregate liability drawn under such facility. BOI's obligation under that letter of credit facility will cease on 22 November 2012; and

(d) Viridian Power Limited has entered into a letter of credit facility for an amount up to a maximum limit of €0.2 million for a fee of 4.5% *per annum*, payable quarterly, in arrears, calculated on BOI's potential aggregate liability drawn under such facility. BOI's obligation under that letter of credit facility will cease on 31 January 2013. The facility is secured by €0.2 million of cash in a blocked deposit account, together with a letter of set-off in favour of BOI.

All letter of credit facilities referred to in paragraphs (a) to (d) above contain customary conditions precedent that the relevant borrowers must satisfy prior to utilising the letter of credit facilities, and the facilities referred to in paragraphs (b) to (d) are subject to the terms and conditions for transacting business with BOI in the UK, as amended or varied from time to time, which contain restrictions on the incurring of indebtedness or creation of security without BOI consent. These letter of credit facilities will either be incorporated into an ancillary facility under the Revolving Credit Facility or terminated within three months of the Issue Date.

Letters of Credit provided to Certain Counterparties

Viridian is required to provide standby LOCs to certain counterparties to support its performance obligations during the ordinary course of its business activities. These LOCs are required for companies operating in the Irish energy markets and are primarily to cover the counterparty's settlement exposure. The LOCs may be called for cash by the counterparty in the event of a non-payment. Viridian typically provides LOCs with a tenor of up to 12 months. In recent months, Viridian has had to replace some LOCs with cash security deposits due to the maturity of the Existing Senior Credit Facilities. As at 31 December 2011, Viridian had replaced LOCs totalling £35.5 million with cash security deposits and had £77.2 million of LOCs outstanding. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Letters of Credit".

Description of shareholder debt

Viridian Group Holdings Limited entered into a series of intra-group loan agreements, as lender, with Viridian Group Investments Limited, as the ultimate borrower (the "Shareholder Loan"). Pursuant to the Shareholder Loan, Viridian Group Holdings Limited agrees to make advances up to a maximum aggregate amount of £541.4 million (or its equivalent in any other currency agreed between the parties). Interest is payable on the Shareholder Loan at a rate agreed between the parties from time to time. Viridian Group Investments Limited may prepay the Shareholder Loan, in whole or in part, at any time unless otherwise agreed between the parties. The terms of the Shareholder Loan are subject to the terms of the Intercreditor Agreement.

In addition, in the event the Contribution is effected by way of a sale of the shares in ECL to Viridian Group FundCo's III Limited (rather than by way of an equity contribution), Viridian Group Holdings Limited will, through a series of shareholder loans, lend £118.2 million to Viridian Group FundCo III Limited. Interest will be payable on this loan at a rate to be agreed between the parties from time to time. The ultimate borrower under this series of shareholder loans (being Viridian Group FundCo III Limited) will be permitted to pre-pay the loan, in whole or in part, at any time unless otherwise agreed between the parties. The terms of this loan will be subject to the terms of the Intercreditor Agreement. See "Summary—The Refinancing".

DESCRIPTION OF THE NOTES

Viridian Group FundCo II Limited (the "*Issuer*") issued € 313 million aggregate principal amount of euro-denominated senior secured notes due 2017 (the "*Euro Notes*") and $250 million aggregate principal amount of U.S. dollar-denominated senior secured notes due 2017 (the "*Dollar Notes*", and together with the Euro Notes, the "*Notes*") under an indenture dated March 6, 2012 (the "*Indenture*") between, among others, the Issuer, The Bank of New York Mellon, as the trustee (the "*Trustee*"), and The Bank of New York Mellon, as the security agent, in a private transaction that was not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the "*U.S. Securities Act*"). The terms of the Notes include those set forth in the Indenture. The Indenture does not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

The proceeds of the offering of the Notes sold on the Issue Date will be used by the Issuer, together with cash on hand, (i) to repay the existing senior credit facilities, (ii) to repay, in part, the Participation Loan, (iii) to pay the cash interest accrued under the Junior Facility Agreement up to the Escrow Release Date and consent fees associated with amending the Junior Facility Agreement, (iv) to pay costs, administrative expenses and fees (legal, accounting or otherwise) in connection with the Refinancing and (v) for certain other general corporate purposes as set forth in this Offering Memorandum under the caption "Use of Proceeds". Pending approval of the JFA Amendment and Restatement Agreement and ICA Amendment and Restatement Agreement and the satisfaction of certain other conditions as described below, the Initial Purchasers will, concurrently with the closing of the offering of the Notes on the Issue Date, deposit the gross proceeds of this offering of the Notes sold on the Issue Date into segregated escrow accounts (the "*Escrow Accounts*"), pursuant to the terms of an escrow deed (the "*Escrow Agreement*"), dated as of the Issue Date among, *inter alios*, the Issuer, the Trustee and The Bank of New York Mellon, as escrow agent (the "*Escrow Agent*"). In addition, on or before the Issue Date, the Issuer will deposit into the Escrow Accounts an amount in cash equal to the amount of interest that would accrue on the Notes from the Issue Date to the date falling seven business days after the Issue Date (the "*Escrow Longstop Date*"). If either the JFA Amendment and Restatement Agreement or the ICA Amendment and Restatement Agreement are not effective on or prior to the Escrow Longstop Date, or upon the occurrence of certain other events, the Notes will be redeemed at the Special Mandatory Redemption Price (as defined below). Please see "—Escrow of Proceeds; Special Mandatory Redemption".

Upon the initial issuance of the Notes, the Notes will be obligations solely of the Issuer and will not be obligations of any Guarantor. Assuming the Escrow Release Date (as defined below) occurs on or prior to the Escrow Longstop Date and the funds are released from the Escrow Accounts, Viridian Group FundCo I Limited will acquire all of the outstanding issued share capital of the Issuer and each of the Guarantors will become a party to the Indenture, from which point they will guarantee the Notes. Prior to the Escrow Release Date, the Issuer will not control the Restricted Subsidiaries and none of the Restricted Subsidiaries will be subject to the covenants described in this Description of the Notes. As such, we cannot assure you that prior to the Escrow Release Date, the Restricted Subsidiaries will not engage in activities that would otherwise have been prohibited by the Indenture had those covenants been applicable to such entities from the Issue Date and prior to the Escrow Release Date.

The Issuer issued in this offering the principal amount of Notes specified on the cover of this Offering Memorandum. Subject to compliance with the covenants described in this "Description of the Notes", the Issuer may also issue an unlimited amount of additional notes at later dates under the same Indenture (the "*Additional Notes*"). Unless the context requires otherwise, references in this "Description of the Notes" to the Notes include the Notes and any Additional Notes that are issued.

The following is a description of the material provisions of the Indenture and the Notes and refers to the Intercreditor Agreement, the Security Documents and the Escrow Agreement assuming, unless otherwise specified, the Escrow Release Date has occurred. This description does not restate those agreements in their entirety. We urge you to read the Indenture, the Notes, the Security Documents, the Intercreditor Agreement, the Escrow Agreement and the Description of the Notes because they define your rights as holders of the Notes. Copies of the Indenture, the form of Note, the Security Documents, the Intercreditor Agreement and the Escrow Agreement are available as set forth below under "—Additional Information". The Indenture will be subject to the terms of the Intercreditor Agreement, and the rights and benefits of the holders of the Notes will be limited accordingly and subject to the terms of the Intercreditor Agreement.

You can find the definitions of certain terms used in this description under the subheading "—Certain Definitions". In this description, the term "Issuer" refers only to Viridian Group FundCo II Limited, and the term "Parent Guarantors" refers only to Viridian Group Investments Limited ("VGIL") and Viridian Group FundCo I Limited, and not to any of their respective Subsidiaries.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief Description of the Notes and the Note Guarantees

The Notes

The Notes:

- will be general obligations of the Issuer;
- will, on and from the Escrow Release Date, be secured by the Collateral;
- will be effectively subordinated to any existing and future Indebtedness of the Issuer that is secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness;
- will be *pari passu* in right of payment with all existing and future Indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes, including Indebtedness incurred under the Revolving Credit Facility;
- will be senior in right of payment to all existing and future Indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- will, as of the Escrow Release Date, be unconditionally guaranteed by the Guarantors; and
- will, on and from the Escrow Release Date, be effectively subordinated to all obligations of VGIL's Subsidiaries that are not Guarantors.

The Note Guarantees

The Notes will, as of the Escrow Release Date, be guaranteed by the Guarantors. The Note Guarantee of each Guarantor:

- will be a general obligation of that Guarantor;
- will, on and from the Escrow Release Date, be secured by the Collateral (other than the Note Guarantee of Viridian Group Investments Limited);
- will be effectively subordinated to any existing and future Indebtedness of such Guarantor that is secured by property or assets that do not secure such Note Guarantee, to the extent of the value of the property and assets securing such Indebtedness;
- will be *pari passu* in right of payment with all existing and future Indebtedness of such Guarantor that is not expressly subordinated in right of payment to such Note Guarantee, including its obligations under the Revolving Credit Facility; and
- will be senior in right of payment to all existing and future Indebtedness of such Guarantor that is expressly subordinated in right of payment to such Note Guarantee.

Not all of VGIL's Subsidiaries will guarantee the Notes. However, each of VGIL's Subsidiaries (other than the Issuer) that initially guarantee the Revolving Credit Facility will also guarantee the Notes. In the event of a bankruptcy, liquidation or reorganisation of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer. During the 12 months ended 31 December 2011, the Subsidiary Guarantors generated 71.4% of VGIL's consolidated Adjusted EBITDA and, as of 31 December 2011, held 72.9% of VGIL's consolidated total assets.

The operations of the Issuer are conducted through its Subsidiaries and, therefore the Issuer depends on the cash flow of its Subsidiaries to meet its obligations, including its obligations under the Notes. The Notes will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Issuer's non-guarantor Subsidiaries. Any right of the Issuer or any Guarantor to receive assets of any of its non-guarantor Subsidiaries upon that non-guarantor Subsidiary's liquidation or reorganisation (and the consequent right of the holders of the Notes to participate in those assets) will be effectively subordinated to the claims of that non-guarantor Subsidiary's creditors, except to the extent that the Issuer or such Guarantor is itself recognised as a creditor of the non-guarantor Subsidiary, in which case the claims of the Issuer or such Guarantor, as the case may be, would still be subordinated in right of payment to any security in the assets of the non-guarantor Subsidiary and any

Indebtedness of the non-guarantor Subsidiary senior to that held by the Issuer or such Guarantor. As of 31 December 2011, on a *pro forma* basis after giving effect to the Refinancing as described under "Use of Proceeds", the Issuer's non-guarantor Restricted Subsidiaries would have had £10.7 million of Indebtedness and £5.9 million of trade payables and other liabilities outstanding. Please see "Risk Factors—Risks Related to the Group's Capital Structure and Security—The Notes and each of the Guarantees will be structurally subordinated to present and future liabilities of the Issuer's non-Guarantor subsidiaries".

As of the Escrow Release Date, all of VGIL's Subsidiaries (other than certain of VGIL's Subsidiaries engaged in renewable energy business, which comprise Eco Wind Power Limited and Viridian Resources Limited and their respective Subsidiaries) will be Restricted Subsidiaries for the purposes of the Indenture. Under the circumstances described below under the caption "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries", VGIL will be permitted to designate Restricted Subsidiaries as "Unrestricted Subsidiaries". VGIL's Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the Indenture. VGIL's Unrestricted Subsidiaries will not guarantee the Notes. During the 12 months ended 31 December 2011, the Issuer's Unrestricted Subsidiaries generated 4.4% of VGIL's consolidated Adjusted EBITDA and, as of 31 December 2011, held 9.6% of VGIL's consolidated total assets.

The Issuer

The Issuer has been formed as a special purpose financing company for the primary purpose of facilitating the offering of the Notes. All of the Issuer's issued shares are held by the Share Trustee as share trustee pursuant to the shareholder trust established under the laws of the Cayman Islands in respect of the issued shares of the Issuer. The Issuer has not had and, prior to the Issuer Transfer Date, will not have any material business operations or assets, other than its rights under the documents to be executed in connection with the offering of the Notes. The shares of the Issuer will be transferred to Viridian Group FundCo I Limited on the Issuer Transfer Date, which is expected to be the Escrow Release Date.

Limited Recourse Obligations

The obligations of the Issuer under the Indenture, the Notes, the Security Documents or otherwise will be limited as set forth in the Indenture. All payments to be made by the Issuer prior to the Issuer Transfer Date under the Indenture (including any Additional Amounts), the Notes, the Security Documents or otherwise will be made only from and to the extent of such sums received or recovered by or on behalf of the Issuer, the Trustee or the Security Agent under the Escrow Accounts or other sums delivered to the Issuer by the Group, if any, and none of the Trustee, the Security Agent, the Principal Paying Agent, the Registrar, the holders of Notes or any other creditors will have any further recourse to the Issuer in respect thereof in the event that the amount due and payable by the Issuer prior to the Issuer Transfer Date under the Indenture, the Notes, the Note Security Documents or otherwise exceeds the amounts so received or recovered.

Prior to the Issuer Transfer Date, the Trustee and the holders of the Notes will not be permitted to take any action, commence any proceeding or petition a court for the liquidation of the Issuer, nor will they be permitted to enter into any arrangement, reorganisation or insolvency proceeding in relation to the Issuer, whether under the laws of the Cayman Islands or other applicable bankruptcy laws. The obligations of the Issuer prior to the Issuer Transfer Date will be solely obligations of the Issuer, and the Trustee and the holders of the Notes will not have any recourse against any of the directors, officers or employees of the Issuer for any claims, losses, damages, liabilities, indemnities or other obligations whatsoever prior to the Issuer Transfer Date in connection with any transactions contemplated by the Indenture, the Security Documents and the related documents. Having distributed the net proceeds of the Escrow Accounts and sums delivered to the Issuer by the Group, if any, in each case in accordance with and to the extent permitted by the Indenture, none of the Trustee, the Security Agent, the Principal Paying Agent, the Registrar and the holders of the Notes may take any further steps to recover any sum due prior to the Issuer Transfer Date that is still unpaid in respect of the Notes, the Indenture or any of the Security Documents or otherwise and all claims against the Issuer in respect of any such sum due but still unpaid shall be extinguished.

In addition, prior to the Issuer Transfer Date, except as otherwise stated in this Description of Notes, holders of the Notes will not have a direct claim on the cash flow or assets of any member of the Group and no member of the Group will have any obligation to make funds available to the Issuer for payments due under the Notes.

Principal, Maturity and Interest

The Issuer issued €313 million in aggregate principal amount of Euro Notes and $250 million in aggregate principal amount of Dollar Notes in this offering. The Issuer may issue Additional Notes under the Indenture from time to time after this offering. Any issuance of Additional Notes is subject to all of the covenants in the Indenture, including the covenant described below under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of

Preferred Stock". The Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the Indenture. The Issuer will issue Euro Notes in denominations of €100,000 and integral multiples of €1,000 in excess thereof and Dollar Notes in denominations of $200,000 and integral multiples of $1,000 in excess thereof. The Notes will mature on 1 April 2017. The redemption amount of the Notes on the maturity date will be €313,000,000 and $250,000,000.

Interest on the Euro Notes will accrue at the rate of 11.125% per annum and interest on the Dollar Notes will accrue at the rate of 11.125% per annum. Interest on the Notes will be payable semi-annually in arrears on 1 April and 1 October, commencing on 1 October 2012. Interest on overdue principal and interest, including Additional Amounts (as defined herein), if any, will accrue at a rate that is 1% higher than the interest rate on the Notes. The Issuer will make each interest payment to the holders of record on the immediately preceding 15 March and 15 September.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each, a "*Paying Agent*") for the Notes in each of (i) the City of London (the "*Principal Paying Agent*") and (ii) the Borough of Manhattan, City of New York and (iii) Luxembourg for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market of the Luxembourg Stock Exchange (the "*Euro MTF Market*") and the rules and regulations of the Luxembourg Stock Exchange so require. The Issuer will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC (as amended from time to time) or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income, or any law implementing, or complying with or introduced in order to conform to, such directive. The initial Paying Agents will be The Bank of New York Mellon, in London and in the City of New York, and The Bank of New York Mellon (Luxembourg) S.A. in Luxembourg.

The Issuer will also maintain one or more registrars (each, a "*Registrar*") with offices in each of (i) the Borough of Manhattan, City of New York and (ii) Luxembourg, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require. The Issuer will also maintain a transfer agent in each of London, Luxembourg and the City of New York, for so long as the Notes are listed on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, Luxembourg.

The initial Registrars will be (i) The Bank of New York Mellon (Luxembourg) S.A. in Luxembourg for the Euro Notes and (ii) The Bank of New York Mellon in the City of New York for the Dollar Notes. The initial transfer agents will be The Bank of New York Mellon, in London, The Bank of New York Mellon (Luxembourg) S.A. in Luxembourg and The Bank of New York Mellon in the City of New York. The Registrar and the transfer agent in Luxembourg will maintain a register (the "*Register*") reflecting ownership of Definitive Registered Notes outstanding from time to time and will make payments on and facilitate transfer of Definitive Registered Notes on behalf of the Issuer and a copy of the Register will be sent to the Issuer on the Issue Date and after any change to the Register made by the Registrar, with such copy to be held by the Issuer and at its registered office. See "Book-Entry; Delivery and Form".

The Issuer may change the Paying Agents, the Registrars or the transfer agents without prior notice to the holders of the Notes. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or transfer agent in a daily newspaper having a general circulation in Luxembourg (which is currently expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules and regulations, post such notice on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Transfer and Exchange

Euro Notes and Dollar Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act ("*Rule 144A*") will initially be represented by one or more global Notes in registered form without interest coupons attached (the "*Euro 144A Global Note*" and the "*Dollar 144A Global Note*", respectively, and together the "*144A Global Notes*"), and Euro Notes and Dollar Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act ("*Regulation S*") will initially be represented by one or more global Notes in registered form without interest coupons attached (the "*Euro Regulation S Global Note*" and the "*Dollar*

Regulation S Global Note", respectively, and together the "*Regulation S Global Notes*" and together with the 144A Global Notes, the "*Global Notes*").

During the "40-day Distribution compliance period" (as such term is defined in Rule 902 of Regulation S), book-entry interests in the Regulation S Global Notes may be transferred only to non-U.S. Persons under Regulation S or to persons whom the transferor reasonably believes are "qualified institutional buyers" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with applicable transfer restrictions and any applicable securities laws of any state of the United States or any other jurisdiction. The Notes will be subject to certain other restrictions on transfer and certification requirements, as described under "Notice to Investors".

Ownership of interests in the Global Notes (the "*Book-Entry Interests*") will be limited to persons that have accounts with DTC, Euroclear or Clearstream, as applicable, or Persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarised below and described more fully under "Book-Entry; Delivery and Form" and "Notice to Investors". In addition, transfers of Book-Entry Interests between participants in DTC, Euroclear or Clearstream will be effected by DTC, Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 or $200,000, as the case may be, and integral multiples of €1,000 in excess thereof or $1,000 in excess thereof, as the case may be, upon receipt by the applicable Registrar of instructions relating thereto and any certificates and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by DTC, Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarised below and described more fully under "Notice to Investors".

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 or $200,000, as the case may be, and integral multiples of €1,000 in excess thereof or $1,000 in excess thereof, as the case may be, to persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, furnish information regarding the account of the transferee at DTC, Euroclear or Clearstream, where appropriate, furnish certain certificates and opinions, and pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any Taxes payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

Additional Amounts

All payments made by or on behalf of the Issuer under or with respect to the Notes (whether or not in the form of Definitive Registered Notes) or any of the Guarantors with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Issuer or any Guarantor is then incorporated or organised, or otherwise resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each, a "*Tax Jurisdiction*") will at any time be required to be made from any payments made by or on behalf of the Issuer under or with respect to the Notes or any of the Guarantors under or with respect to any Note Guarantee, including, without limitation, payments of principal, redemption price, purchase price, interest or premium, the Issuer or the relevant Guarantor, as applicable, will pay such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by each holder after such withholding, deduction or imposition (including any such withholding, deduction or imposition from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes that would not have been imposed but for the existence of any actual or deemed (pursuant to applicable Tax law of the relevant Tax Jurisdiction, such as, if applicable, a connection of a partnership that is attributed to the partners/beneficial owners) present or former connection between the holder or the beneficial owner of the Notes and the relevant Tax Jurisdiction (including, without limitation, the holder or beneficial owner being, or having been, a citizen, national, or resident engaged in a trade or business or physically present in or having or having had a permanent establishment in such jurisdiction for Tax purposes), other than the acquisition or holding of such Note, the exercise or enforcement of rights under such Note or under a Note Guarantee or the receipt of any payments in respect of such Note or a Note Guarantee;

(2) any Taxes to the extent such Taxes were withheld, deducted or imposed as a result of the presentation of a Note for payment (where Notes are in the form of Definitive Registered Notes and where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(3) any estate, inheritance, gift, sales, personal property, transfer or similar Taxes;

(4) any Taxes withheld, deducted or imposed on a payment to an individual that are required to be made pursuant to European Council Directive 2003/48/EC or any other directive or rulings implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income, or any law implementing or complying with or introduced in order to conform to, such directive;

(5) Taxes imposed on or with respect to a payment made to a holder or beneficial owner of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union;

(6) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or with respect to any Note Guarantee;

(7) any Taxes imposed or withheld to the extent such Taxes would not have arisen but for the failure of the holder or beneficial owner of Notes to comply with any reasonable written request of the Issuer or any Guarantor addressed to the holder or beneficial owner and made at least 60 days before any such withholding or deduction would be payable to satisfy any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally entitled to satisfy such requirements;

(8) any Taxes imposed on or with respect to any payment by the Issuer or the relevant Guarantor to the holder if such holder is a fiduciary or any partnership or any person other than the sole beneficial owner of such payment to the extent that Taxes would not have been imposed on such payment had such holder been the sole beneficial owner of such Notes; or

(9) any combination of items (1) through (8) above.

In addition to the foregoing, the Issuer and the Guarantors will also pay and indemnify the holder for any present or future stamp, issue, registration, court or documentary Taxes, or any other excise or property Taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) which are imposed or levied by any Tax Jurisdiction on the execution, delivery, issuance, or registration of any of the Notes, the Indenture, any Note Guarantee, Security Documents or any other document or instrument referred to therein, or the receipt of any payments with respect thereto, or any such Taxes, charges or levies imposed by any jurisdiction as a result of, or in connection with, the enforcement of, any of the Notes, any Note Guarantee (other than on or in connection with a transfer of the Notes other than the initial resale of the Notes by the Initial Purchasers) or Security Documents.

If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, each of the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee on a date that is at least 45 days prior to the date of that payment (unless the awareness of the obligation to pay Additional Amounts arises less than 45 days prior to that payment date, in which case the Issuer or the relevant Guarantor shall deliver to the Trustee the relevant Officer's Certificate promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate(s) must also set forth any other information necessary to enable the Paying Agents to pay such Additional Amounts to holders on the relevant payment date. The Issuer and the relevant Guarantor will provide the Trustee with documentation satisfactory to the Trustee evidencing the payment of Additional Amounts. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the Trustee (or to a holder or beneficial owner of the Notes upon written request), within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity. Upon reasonable request, copies of Tax receipts or other evidence of payments, as the case may be, will be made available by the Trustee to the holders of the Notes or beneficial owners of the Notes.

Whenever in the Indenture, the Notes or in this "Description of the Notes" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes or any Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is incorporated or organised, engaged in business for tax purposes or otherwise resident for tax purposes or any jurisdiction from or through which such Person makes any payment on the Notes (or any Note Guarantee) and any department or political subdivision thereof or therein.

Note Guarantees

The Notes will, as of the Escrow Release Date, be guaranteed by each Guarantor. These Note Guarantees will be joint and several obligations of the Guarantors. Each Note Guarantee is a full and unconditional guarantee of the Issuer's obligations under the Notes, subject to the contractual limitations discussed below.

The obligations of the Guarantors will be contractually limited under the applicable Note Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, please see "Limitations on Validity and Enforceability of Guarantees and Security".

The Note Guarantee of a Subsidiary Guarantor (and the Parent Guarantors in the case of clauses (5), (6), (7), (8) and (9) below) will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before

or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture;

(2) in connection with any sale or other disposition of Capital Stock of that Guarantor (or Capital Stock of any Parent Holdco of such Guarantor (other than the Issuer)) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(3) if the Issuer designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) upon the release or discharge of the guarantee that resulted in the creation of such Note Guarantee under the covenant described below under "—Certain Covenants—Additional Guarantees";

(5) as a result of a transaction permitted by the covenant described below under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets";

(6) in connection with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement as described below under "—Intercreditor Agreement";

(7) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge";

(8) upon the full and final payment of the Notes and performance of all Obligations of the Issuer and the Guarantors under the Indenture and the Notes; or

(9) as described under the caption "—Amendment, Supplement and Waiver".

Upon any occurrence giving rise to a release of a Note Guarantee, as specified above, the Trustee, subject to receipt of certain documents from the Issuer or Guarantor, will execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Note Guarantee. Neither the Issuer, the Trustee nor any Guarantor will be required to make a notation on the Notes to reflect any such release, discharge or termination.

Security

General

Prior to the Escrow Release Date, the Notes will be secured by a first-ranking security interest on the Escrowed Property (as defined below) deposited into the Escrow Account as described below under "—Escrow of Proceeds; Special Mandatory Redemption". The Escrowed Property that is deposited in the Escrow Account will not be pledged to secure any obligations other than the Issuer's obligations under the Notes and the Indenture. Upon the Release (as defined below), the first-priority lien over the Escrowed Property will be released. On and from the Escrow Release Date, the Notes and the Note Guarantees will be secured by first-ranking Liens over the Collateral. The Collateral will be pledged pursuant to the Security Documents to the Security Agent on behalf of the holders of the secured obligations that are secured by the Collateral, including holders of the Notes.

The Collateral will initially include the following properties and assets:

(1) pledges over the share capital of Viridian FundCo I Limited, the Issuer, Viridian Group FundCo III Limited, EI Ventures Limited, ElectricInvest (Lux) ROI S.à r.l., Viridian Power and Energy Holdings Limited, Power and Energy Holdings (RoI) Limited, Viridian Group Limited, Power NI Energy Limited, Viridian Capital Limited, Viridian Energy Limited, Viridian Power Limited, Huntstown Power Company Limited, Viridian Power and Energy Limited, Viridian Energy Supply Limited and ElectricInvest Holding Company Limited;

(2) fixed and floating charges over all or substantially all of the assets (including bank accounts) of Viridian Group Investments Limited, Viridian Group FundCo I Limited, the Issuer, Viridian Group FundCo III Limited, El Ventures Limited, Viridian Group Limited, Viridian Power and Energy Holdings Limited, Viridian Energy Limited, Viridian Power Limited, Huntstown Power Company Limited, Viridian Energy Supply Limited, Power and Energy Holdings (ROI) Limited and Viridian Power and Energy Limited; and

(3) pledges over the receivables and bank accounts of ElectricInvest (Lux) ROI S.à r.l.

Any additional security interests that are in the future pledged to secure obligations under the Notes, the Note Guarantees and the Indenture will also constitute Collateral.

Under the Indenture, VGIL and the Restricted Subsidiaries will be permitted to maintain Permitted Collateral Liens, and in connection therewith will be permitted to incur certain additional Indebtedness and other liabilities in the future which may share in the Collateral, including additional Permitted Collateral Liens securing Indebtedness on an equal and ratable *pari passu* basis with the Notes, including Indebtedness and other liabilities under the Revolving Credit Facility, certain Hedging Obligations and Senior Secured Indebtedness incurred pursuant to the first paragraph of the covenant described under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock". The amount of such Permitted Collateral Liens will be limited by the covenants described under the captions "—Certain Covenants—Liens" and "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock". Under certain circumstances, the amount of such additional Indebtedness secured by Permitted Collateral Liens could be significant.

The obligations under the Notes, the Revolving Credit Facility and certain Hedging Obligations will be secured equally and ratably by first-ranking Liens over the Collateral. Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of obligations under the Revolving Credit Facility and certain Hedging Obligations that are permitted to be incurred by clause (8) of the definition of Permitted Debt and permitted to be secured on the Collateral (please see "—Certain Definitions—Permitted Collateral Liens") will receive priority with respect to any proceeds received upon any enforcement over any Collateral. Any proceeds received upon any enforcement over any Collateral, after all obligations under the Revolving Credit Facility have been repaid and such Hedging Obligations have been discharged from such recoveries, will be applied *pro rata* in repayment of all obligations under the Indenture and the Notes and any other Indebtedness of the Issuer and the Guarantors permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement.

The proceeds from the sale of the Collateral may not be sufficient to satisfy the obligations owed to the holders of the Notes. No appraisals of the Collateral have been made in connection with this offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. Under the Intercreditor Agreement, the holders of the Notes will be required to share recovery proceeds with other secured creditors, have certain limitations on their ability to enforce the security documents and have agreed that the Collateral may be released in certain circumstances without their consent. See "Risk Factors—Risks Related to the Group's Capital Structure and Security".

Each holder of the Notes, by accepting a Note, shall be deemed (i) to have authorised the Trustee to enter into the Intercreditor Agreement and the Security Agent to enter into the Security Documents and the Intercreditor Agreement and (ii) to be bound thereby. Each holder of Notes, by accepting a Note, appoints the Trustee or the Security Agent, as the case may be, as its trustee or agent under the Security Documents and the Intercreditor Agreement and authorises it to act as such.

Subject to the terms of the Security Documents, the Issuer and the Guarantors, as the case may be, will be entitled to exercise any and all voting rights and to receive and retain any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares of stock resulting from stock splits or reclassifications, rights issue, warrants, options and other distributions (whether similar or dissimilar to the foregoing) in respect of the shares that are part of the Collateral.

Security Documents

The Issuer, the Guarantors and the Security Agent will, as applicable, enter into Security Documents defining the terms of the Liens that secure the Notes and the Note Guarantees and the other secured obligations that will be secured by the Collateral. Subject to the terms of, and limitations under, the Security Documents, these security interests will secure the payment and performance when due of all of the obligations of the Issuer and the Guarantors under the Notes, the Indenture, the Note Guarantees and the Security Documents.

Subject to the terms of the Indenture, the Revolving Credit Facility and the Security Documents, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes, to freely operate the property and assets constituting Collateral and to collect, invest and dispose of any income therefrom (including any and all dividends, distributions or similar cash and non-cash payments in respect of Capital Stock of the Guarantors that is part of the Collateral).

Release

The Issuer and the Guarantors will be entitled to the release of the Liens over the property and other assets constituting Collateral securing the Notes and the Note Guarantees under any one or more of the following circumstances:

(1) in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets to a Person that is not (either before or after giving effect to such transaction) VGIL or any Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture;

(2) in the case of a Guarantor that is released from its Note Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) if VGIL designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property, assets and Capital Stock of such Restricted Subsidiary;

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge";

(5) in connection with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement as described below under "—Intercreditor Agreement";

(6) upon the full and final payment of the Notes and performance of all Obligations of the Issuer and the Guarantors under the Indenture and the Notes;

(7) as described under the caption "—Amendment, Supplement and Waiver";

(8) other than with respect to Collateral on the Escrow Release Date, upon release of the Lien that resulted in the creation of the Lien under the covenant described below under the caption "—Certain Covenants—Liens"; or

(9) as a result of a transaction permitted by the covenant described below under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets".

The Security Agent and the Trustee (as applicable) will take all necessary action required to effectuate any release of Collateral securing the Notes and the Note Guarantees, in accordance with the provisions of the Indenture and the relevant Security Document, the Intercreditor Agreement or any Additional Intercreditor Agreement. Each of the releases set forth above shall be effected by the Security Agent without the consent of the holders of the Notes or any action on the part of the Trustee.

Intercreditor Agreement

To establish the relative rights of certain creditors of the Issuer and the Guarantors under their financing arrangements, including, without limitation, the Notes, the Revolving Credit Facility and certain Hedging Obligations, the Issuer, the Guarantors, the agent under the Revolving Credit Facility, the Trustee and the Security Agent will enter into the Intercreditor Agreement. Please see "Description of Certain Indebtedness—Intercreditor Agreements". Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of obligations under the Revolving Credit Facility and certain Hedging Obligations that are permitted to be incurred by clause (8) of the definition of Permitted Debt and permitted to be secured on the Collateral (please see "—Certain Definitions—Permitted Collateral Liens") will receive priority with respect to any proceeds received upon any enforcement over any Collateral. Any proceeds received upon any enforcement over any Collateral, after all obligations under the Revolving Credit Facility have been repaid and such Hedging Obligations have been discharged from such recoveries, will be applied *pro rata* in repayment of all obligations under the Indenture and the Notes and any other Indebtedness of the Issuer and the Guarantors permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement.

Escrow of Proceeds; Special Mandatory Redemption

Concurrently with the closing of the offering of the Notes on the Issue Date, the Issuer will enter into the Escrow Agreement with, among others, the Trustee and the Escrow Agent, pursuant to which an amount equal to the gross proceeds of the offering of the Notes sold on the Issue Date plus the amount of interest that would accrue on the Notes from the Issue Date to the Escrow Longstop Date will be deposited into the respective Escrow Accounts. The Escrow Accounts will be pledged on a first-ranking basis in favour of the Trustee for the benefit of the holders of the Notes pursuant to an escrow charge dated the Issue Date between the Issuer and the Trustee (the "*Escrow Charge*"). The initial funds deposited in the Escrow Accounts, and all other funds, securities, interest, dividends, distributions and other property and payments credited to the Escrow Accounts (*less* any property and/or funds paid in accordance with the Escrow Agreement) are referred to, collectively, as the "*Escrowed Property*".

In order to cause the Escrow Agent to release the Escrowed Property to the Issuer (the "*Release*"), the Escrow Agent, the Trustee and Deutsche Bank AG, London Branch as representative of the Initial Purchasers shall have received from the Issuer, at a time that is on or before the Escrow Longstop Date, an Officer's Certificate confirming that all of the following conditions have been met or will be satisfied prior to, substantially concurrently with or immediately after the release of the Escrowed Property:

(1) the ICA Amendment and Restatement Agreement and the JFA Amendment and Restatement Agreement have been executed by all parties thereto and all respective conditions precedent thereto have been satisfied or waived (save for the release of the Escrowed Property in accordance with the terms of the Escrow Agreement);

(2) the Revolving Credit Facility has been executed by all parties thereto and all conditions precedent to initial utilisation by a Borrower (as defined in the Revolving Credit Facility) thereto have been satisfied or waived in accordance with the provisions of the Revolving Credit Facility (save for any conditions which will be satisfied by the release of the Escrowed Property in accordance with the terms of the Escrow Agreement);

(3) the Bridge Loan has been executed by all parties thereto and all conditions precedent to initial utilisation thereto have been satisfied or waived in accordance with the provisions of the Bridge Loan (save for any conditions which will be satisfied by the release of the Escrowed Property in accordance with the terms of the Escrow Agreement);

(4) substantially concurrently with the release of the Escrowed Property, the Issuer will own all of the issued and outstanding Capital Stock in Viridian Group FundCo III Limited and all of the issued and outstanding Capital Stock of the Issuer will be owned by Viridian Group FundCo I Limited;

(5) substantially concurrently with the release of the Escrowed Property, each of the Guarantors will execute and deliver to the Trustee a supplemental indenture or other instrument pursuant to which it will guarantee the obligations of the Issuer under the Indenture;

(6) each of the Guarantors and the Issuer (as applicable) will execute and deliver the applicable Security Documents in respect of the Collateral to the Security Agent;

(7) those legal opinions or reliance letters in respect thereof referred to in the Escrow Agreement that are required to be delivered on the relevant date of Release have been delivered in accordance with the terms of the Escrow Agreement; and

(8) as of the date on which the conditions set forth in clauses (1) through (7) above have been met or satisfied, there is no Event of Default (under and as defined in the first paragraph under the heading "—Events of Default and Remedies").

The Release shall occur promptly upon the satisfaction of such conditions (the date of such satisfaction and release, the "*Escrow Release Date*"). Upon the Release, the Escrow Accounts shall be reduced to zero, and the Escrowed Property shall be paid out in accordance with the Escrow Agreement.

In the event that (a) the Escrow Release Date does not take place on or prior to the Escrow Longstop Date, (b) an Event of Default arises under clause (9) of the first paragraph under the heading titled "—Events of Default and Remedies" on or prior to the Escrow Longstop Date, (c) the Escrow Agent receives an officer's certificate from the Issuer stating that all of the conditions to the Release cannot be met or satisfied on or prior to the Escrow Longstop Date, (d) the Issuer rescinds or repudiates the Escrow Agreement or the Escrow Charge, (e) it is unlawful for the Issuer to perform any of its obligations under the Escrow Agreement or the Escrow Charge or (f) there occurs a Change of Control (the date of any such event being the "*Special Termination Date*"), the Issuer will redeem all of the Notes (the "*Special Mandatory Redemption*") at a price (the "*Special Mandatory Redemption Price*") equal to 100% of the aggregate issue price of the Notes sold on the Issue Date, *plus* accrued interest from the Issue Date to the Special Mandatory Redemption Date (as defined below).

Notice of the Special Mandatory Redemption will be delivered by the Issuer, no later than one business day following the Special Termination Date, to the Trustee and the Escrow Agent, and will provide that the Notes shall be redeemed on a date that is no later than the 15th day after such notice is given by the Issuer in accordance with the terms of the Escrow Agreement (the "*Special Mandatory Redemption Date*"). On the Special Mandatory Redemption Date, the Escrow Agent shall pay to the Principal Paying Agent for payment to each holder of Notes the Special Mandatory

Redemption Price for such holder's Notes and, concurrently with the payment to such holders, deliver any excess Escrowed Property (if any) to the Issuer.

On and following the Escrow Release Date, all restrictive covenants herein will be deemed to have been applicable to VGIL and its Restricted Subsidiaries beginning on the Issue Date and, to the extent that any of VGIL or its Restricted Subsidiaries took or failed to take any action after the Issue Date and on or before the Escrow Release Date that is prohibited by the Indenture (giving effect to the Refinancing and, without duplication, as described in this Offering Memorandum as if it had been completed on the Issue Date), the Issuer will be in Default on such date and the funds in the Escrow Account will not be released to the Issuer.

If at the time of the Special Mandatory Redemption, the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will notify the Luxembourg Stock Exchange that the Special Mandatory Redemption has occurred and any relevant details relating to such special mandatory redemption.

Optional Redemption

At any time prior to 1 April 2015, the Issuer may on any one or more occasions redeem (a) up to 35% of the aggregate principal amount of Euro Notes issued under the Indenture, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 111.125% of the principal amount of the Euro Notes redeemed and (b) up to 35% of aggregate principal amount of Dollar Notes issued under the Indenture, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 111.125% of the principal amount of the Dollar Notes redeemed, in each case, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of an Equity Offering of (i) VGIL or (ii) any Parent Holdco of VGIL to the extent the net cash proceeds from such Equity Offering are contributed to the Issuer's common equity capital or are paid to the Issuer as consideration for the issuance of ordinary shares, Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Debt of the Issuer; *provided* that:

(1) at least 65% of the aggregate principal amount of the Euro Notes or at least 65% of the aggregate principal amount of the Dollar Notes, respectively, originally issued under the Indenture (excluding Notes held by VGIL and its Subsidiaries) remain outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 90 days of the date of the closing of such Equity Offering.

Prior to 1 April 2015, the Issuer may redeem during each 12-month period commencing with the Issue Date up to 10% of the original aggregate principal amount of each series of Notes at its option, from time to time, upon not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 103% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date.

At any time prior to 1 April 2015, the Issuer may on any one or more occasions redeem all or a part of each series of Notes upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding three paragraphs and except as described under "—Redemption for Changes in Taxes" and "—Escrow of Proceeds; Special Mandatory Redemption", the Notes will not be redeemable at the Issuer's option prior to 1 April 2015.

On or after 1 April 2015, the Issuer may on any one or more occasions redeem all or a part of each series of Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed during the 12-month period beginning on 1 April of the years indicated below, subject to the rights of holders of the Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	**Euro Notes Redemption Price**	**Dollar Notes Redemption Price**
2015	105.563%	105.563%
2016 and thereafter	100.000%	100.000%

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

Redemption for Changes in Taxes

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 30 nor more than 60 days' prior notice to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described in "—Selection and Notice"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "*Tax Redemption Date*") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on an interest payment date that is prior to the Tax Redemption Date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes or any Note Guarantee, the Issuer or the relevant Guarantor is or would be required to pay Additional Amounts, and the Issuer or the relevant Guarantor cannot avoid any such payment obligation by taking reasonable measures available to it including, for the avoidance of doubt, the appointment of a new Paying Agent (but, in the case of the relevant Guarantor, only if such amount cannot be paid to the Issuer or another Guarantor who can pay such amount without the obligation to pay Additional Amounts), and the requirement arises as a result of:

(1) any amendment to, or change in, the laws or any regulations or rulings promulgated thereunder or relevant treaties of a relevant Tax Jurisdiction which change or amendment is announced and becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date); or

(2) any amendment to, or change in, an official written interpretation or application or administration of such laws, regulations or rulings (including by virtue of a holding, judgment, order by a court of competent jurisdiction or a change in published administrative practice) which amendment or change is announced and becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date) (each of the foregoing clauses (1) and (2), a "*Change in Tax Law*").

The Issuer or the relevant Guarantor will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer would be obligated to make such payment or withholding if a payment in respect of the Notes or any Note Guarantee were then due, and the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer's Certificate stating that the obligation to pay such Additional Amounts cannot be avoided by the Issuer or a Guarantor (as the case may be) taking reasonable measures available to it; and (b) a written opinion of independent tax counsel to the Issuer or a Guarantor (as the case may be) (such counsel to be of recognised standing qualified under the laws of the relevant Tax Jurisdiction and reasonably satisfactory to the Trustee (with approval of such counsel not to be unreasonably withheld by the Trustee)) to the effect that the Issuer or such Guarantor has or will become obligated to pay such Additional Amounts as a result of a Change in Tax Law.

The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders of the Notes.

For the avoidance of doubt, the implementation of European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECONFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income or any law implementing or complying with or introduced in order to conform to, such directive will not be a change or amendment for such purposes.

Sinking Fund

The Issuer is not required to make sinking fund payments with respect to the Notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of Notes will have the right to require the Issuer to repurchase all or any part (equal to, in the case of Euro Notes, €100,000 and integral multiples of €1,000 in excess thereof or, in the case of Dollar Notes, $200,000 and integral multiples of $1,000 in excess thereof) of that holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the date of purchase (the "*Change of Control Payment*"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will mail a notice to each holder of the Notes at such holder's registered address or otherwise deliver a notice in accordance with the procedures described under "—Selection and Notice", stating that a Change of Control Offer is being made and offering to repurchase Notes on the date (the "*Change of Control Payment Date*") specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by the Indenture and described in such notice. The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Securities Exchange Act of 1934, as amended (the "*U.S. Exchange Act*") and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer will comply with any applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Principal Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The Principal Paying Agent will promptly mail (or cause to be delivered) to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee (or an authentication agent approved by it) will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalisation or similar transaction.

The ability of the Issuer to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would constitute a mandatory prepayment event and/or a default due to a breach of undertaking under the Revolving Credit Facility. In addition, certain events that may constitute a change of control under the Revolving Credit Facility may not constitute a Change of Control under the Indenture. The future Indebtedness of the Issuer and its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of the Notes of their right to require the Issuer to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the ability of the Issuer to pay cash to the holders of the Notes upon a repurchase may be limited by its then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) a notice of redemption has been given pursuant to the Indenture as described above under the caption "—Optional Redemption", unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of

Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of VGIL and the Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Issuer to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Issuer and the Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the consent of the holders of a majority in principal amount of the Notes prior to the occurrence of the Change of Control.

If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules and regulations of the Lxuembourg Stock Exchange so require, the Issuer will publish notices relating to the Change of Control Offer in a leading daily newspaper of general circulation in Luxembourg (which is currently expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules and regulations, post such notices on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Asset Sales

VGIL will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, consummate an Asset Sale unless:

(1) VGIL (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (measured as of the date of the definitive agreement with respect to such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by VGIL or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

   (a) any liabilities, as recorded on the most recent consolidated balance sheet of VGIL or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated in right of payment to the Notes or any Note Guarantee), that are assumed by the transferee of any such assets and as a result of which VGIL and the Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities;

   (b) any securities, notes or other obligations received by VGIL or any such Restricted Subsidiary from such transferee that are converted by VGIL or such Restricted Subsidiary into cash or Cash Equivalents within 90 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

   (c) any Capital Stock or assets of the kind referred to in clauses (2) or (4) of the next paragraph of this covenant;

   (d) Indebtedness of any Restricted Subsidiary (other than Indebtedness that by its terms is subordinated in right of payment to the Notes or any Note Guarantee) that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that VGIL and each other Restricted Subsidiary are released from any guarantee of such Indebtedness in connection with such Asset Sale;

   (e) consideration consisting of Indebtedness (other than Indebtedness that by its terms is subordinated in right of payment to the Notes or any Note Guarantee) of the Issuer or any Guarantor received from Persons who are not VGIL or any Restricted Subsidiary that is cancelled; and

   (f) any Designated Non-Cash Consideration received by VGIL or any Restricted Subsidiary in such Asset Sale having an aggregate Fair Market Value, when taken together with all other Designated Non-Cash Consideration received pursuant to this clause (f) that is at that time outstanding, not to exceed £25.0 million at the time of the receipt of such Designated Non-Cash Consideration (with the Fair

Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, VGIL (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds (at the option of VGIL or Restricted Subsidiary):

(1) (a) to repay, repurchase, prepay or redeem Indebtedness of the Issuer or any Guarantor incurred pursuant to clause (1) of the definition of Permitted Debt that is secured by a Lien on the Collateral and that is not subordinated in right of payment to the Notes or any Note Guarantee, (b) to repay, repurchase, prepay or redeem Indebtedness of a Restricted Subsidiary of the Issuer that is not a Guarantor, (c) to repay, repurchase, prepay or redeem the Notes pursuant to an offer to all holders of Notes at a purchase price equal to 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (a "*Notes Offer*"), (d) to the extent the Net Proceeds result from an Asset Sale of any property or asset that does not constitute Collateral, to repay, repurchase, prepay or redeem Indebtedness to the extent secured by a Lien on such property or asset or (e) to make an Asset Sale Offer (as defined below) to all holders of the Notes and holders of other Indebtedness that is *pari passu* with the Notes or any Note Guarantees, that is secured by a Lien on the Collateral and that is not subordinated in right of payment to the Notes or any Note Guarantee; and, in each of (a), (b), (c), (d) and (e), if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto; *provided* that Net Proceeds from Asset Sales in aggregate amount of up to £30.0 million may be used to repay, repurchase, prepay or redeem Indebtedness incurred pursuant to clause (1) of the definition of Permitted Debt without correspondingly reducing commitments with respect thereto;

(2) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;

(3) to make a capital expenditure;

(4) to acquire other assets (other than Capital Stock) that are not classified as current assets under GAAP that are used or useful in a Permitted Business;

(5) enter into a binding commitment to apply the Net Proceeds pursuant to clause (2), (3) or (4) of this paragraph; *provided* that such binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated, and (y) the 180th day following the expiration of the aforementioned 365 day period; or

(6) any combination of the foregoing,

provided that if the assets sold or transferred in such Asset Sale constituted Collateral, VGIL shall, subject to the Agreed Security Principles, pledge or shall cause the applicable Restricted Subsidiary to pledge any assets (including without limitation any acquired Capital Stock) acquired with the Net Proceeds of such Asset Sale to secure the Notes on a first-ranking basis.

Pending the final application of any Net Proceeds, VGIL (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute "*Excess Proceeds*". When the aggregate amount of Excess Proceeds exceeds £20.0 million, within ten Business Days thereof, the Issuer will make an offer (an "*Asset Sale Offer*") to all holders of Notes and may make an offer to all holders of other Indebtedness that is *pari passu* with the Notes or any Note Guarantees to purchase, prepay or redeem with the proceeds of sales of assets to purchase, prepay or redeem the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, VGIL and the Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds or if the aggregate principal amount of Notes tendered pursuant to a Notes Offer exceeds the amount of the Net Proceeds so applied, the Trustee will select the Notes and such other *pari passu* Indebtedness, if applicable, to be purchased on a pro rata basis (or in the manner described under "—Selection and Notice"), based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Issuer or VGIL (as the case may be) will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer, an Asset Sale Offer or a Notes Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control, Asset Sale or Notes Offer provisions of the Indenture, the Issuer or VGIL (as applicable) will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control, Asset Sale or Notes Offer provisions of the Indenture by virtue of such compliance.

Selection and Notice

If less than all of the Euro Notes or the Dollar Notes are to be redeemed at any time, the Trustee (or the Registrar, as applicable) will select Notes for redemption on a pro rata basis (or, in the case of Notes issued in global form as discussed under "Book-Entry; Delivery and Form", based on a method that most nearly approximates a pro rata selection as the Trustee deems fair and appropriate or, in the case of Dollar notes clearing through DTC, by lot), unless otherwise required by law or applicable stock exchange or depository requirements. Neither the Trustee nor the Registrar shall be liable for any selections made by it in accordance with this paragraph.

No Euro Notes of €100,000 or less and no Dollar Notes of $200,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Euro Note or Dollar Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

For Notes which are represented by global certificates held on behalf of DTC, Euroclear or Clearstream, notices may be given by delivery of the relevant notices to DTC, Euroclear for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, any such notice to the holders of the relevant Notes shall also be published in a daily newspaper having a general circulation in Luxembourg (which is currently expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules and regulations, posted on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*) and, in connection with any redemption, the Issuer will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding.

Certain Covenants

Restricted Payments

VGIL will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of VGIL's or any of the Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving VGIL or any Restricted Subsidiary) or to the direct or indirect holders of VGIL's or any of the Restricted Subsidiaries' Equity Interests in their capacity as holders (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of VGIL and other than dividends or distributions payable to VGIL or a Restricted Subsidiary);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving VGIL) any Equity Interests of VGIL or any Parent Holdco of VGIL;

(3) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer or any Guarantor that is contractually subordinated in right of payment to the Notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among VGIL and any of the Restricted Subsidiaries), except (i) a payment of interest or principal at the Stated Maturity thereof or

(ii) the purchase, repurchase or other acquisition of Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase or other acquisition;

(4) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Debt; or

(5) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (1) through (5) above being collectively referred to as "*Restricted Payments*"), unless, (i) such Restricted Payment is made on or after 1 April 2014 and (ii) at the time of and after giving effect to any such Restricted Payment:

(a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(b) VGIL would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, (i) have been permitted to incur at least £1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in clause (1) of the first paragraph of the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" and (ii) have a Consolidated Net Leverage Ratio of less than 3.25 to 1.0; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by VGIL and the Restricted Subsidiaries since the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), (7), (8), (10), (11), (14) and (16) of the next succeeding paragraph), is less than the sum, without duplication, of:

(i) 50% of the Consolidated Net Income of VGIL for the period (taken as one accounting period) from the beginning of the fiscal quarter commencing immediately prior to the Issue Date to the end of VGIL's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(ii) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities received by VGIL since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of VGIL (other than Disqualified Stock and Excluded Contributions) or from the issue or sale of convertible or exchangeable Disqualified Stock of VGIL or convertible or exchangeable debt securities of VGIL, in each case that have been converted into or exchanged for Equity Interests of VGIL (other than Equity Interests (or Disqualified Stock or debt securities) issued or sold to a Subsidiary of VGIL) or from the issuance or sale of Subordinated Shareholder Debt (other than an issuance or sale to a Subsidiary of VGIL); *plus*

(iii) to the extent that any Restricted Investment that was made after the Issue Date is (a) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of property and marketable securities received by VGIL or any Restricted Subsidiary, or (b) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Restricted Investment of VGIL and the Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; *plus*

(iv) to the extent that any Unrestricted Subsidiary of VGIL designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into VGIL or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to VGIL or a Restricted Subsidiary, the Fair Market Value of the property received by VGIL or Restricted Subsidiary or Restricted Investment of VGIL in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets, to the extent such investments reduced the restricted payments capacity under this clause (c) and were not previously repaid or otherwise reduced; *plus*

(v) 100% of any dividends or distributions received by VGIL or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of VGIL for such period *plus*

(vi) upon the full and unconditional release of a Restricted Investment that is a guarantee made by VGIL or any Restricted Subsidiary to any Person, an amount equal to the amount of such guarantee.

The preceding provisions will not prohibit:

(1) the payment of any dividend or the consummation of any redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the sale or issuance (other than to a Restricted Subsidiary of VGIL) within 30 days of such Restricted Payment of, Equity Interests of VGIL (other than Disqualified Stock), Subordinated Shareholder Debt or from the contribution of common equity capital to VGIL within 30 days of such Restricted Payment; *provided* that the amount of any such net cash proceeds that are utilised for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "Optional Redemption" provisions of the Indenture;

(3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of VGIL or any Restricted Subsidiary or of a Parent Holdco of VGIL held by any current or former officer, director, employee or consultant of VGIL or any Restricted Subsidiary pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed £2.5 million in any calendar year (with unused amounts in any calendar year being carried over to succeeding calendar years subject to a maximum of £5.0 million in any calendar year); and *provided*, *further*, that such amount in any calendar year may be increased by an amount not to exceed the cash proceeds from the sale of Equity Interests of VGIL or a Restricted Subsidiary received by VGIL or a Restricted Subsidiary during such calendar year, in each case to officers, directors, employees or consultants of VGIL, any of the Restricted Subsidiaries or any Parent Holdco of VGIL to the extent the cash proceeds from the sale of Equity Interests have not otherwise been applied to the making of Restricted Payments pursuant to clause (c)(ii) of the preceding paragraph or clause (2) of this paragraph and are not Excluded Contributions;

(5) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;

(6) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of VGIL or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(7) payments of cash, dividends, distributions, advances, loans or other Restricted Payments by VGIL or any Restricted Subsidiary to allow the payment of cash in lieu of the issuance of fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Capital Stock of any such Person;

(8) advances or loans to (a) any future, present or former officer, director, employee or consultant of VGIL or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of VGIL (other than Disqualified Stock) or any Parent Holdco of VGIL, or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan, employee benefit trust or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Equity Interests of VGIL (other than Disqualified Stock) or any Parent Holdco of VGIL; *provided* that the total aggregate amount of Restricted Payments made under this clause (8) does not exceed £2.5 million in any calendar year (with unused amounts in any calendar year being carried over to succeeding calendar years subject to a maximum of £5.0 million in any calendar year);

(9) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Equity Interests (other than VGIL or any Restricted Subsidiary) then entitled to participate in such dividends on a *pro rata* basis;

(10) Permitted Parent Payments;

(11) Restricted Payments that are made with Excluded Contributions;

(12) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, the payment of Management Fees;

(13) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, following a Public Equity Offering that results in a Public Market of the Capital Stock of VGIL or a Parent Holdco of VGIL, the payment of dividends on the Capital Stock of VGIL up to 6% per annum of the net cash proceeds received by VGIL in any such Public Equity Offering or any subsequent Public Equity Offering of such Capital Stock, or the net cash proceeds of any such Public Equity Offering or subsequent Public Equity Offering of such Capital Stock of any Parent Holdco that are contributed in cash to VGIL's equity (other than through the issuance of Disqualified Stock or Excluded Contributions); *provided*, that if such Public Equity Offering was of Capital Stock of a Parent Holdco, the net proceeds of any such dividend are used to fund a corresponding dividend in equal or greater amount on the Capital Stock of such Parent Holdco;

(14) any Investment or distribution, as a dividend or otherwise, of, made with or paid for by Capital Stock, Indebtedness or other securities of any Unrestricted Subsidiary that are held directly or indirectly by VGIL or a Restricted Subsidiary or any proceeds or any other consideration received from the sale, transfer, lease, exchange or other disposition (including pursuant to a derivative transaction) of such Capital Stock, Indebtedness or other securities or assets of such Unrestricted Subsidiary;

(15) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, other Restricted Payments in an aggregate amount not to exceed £10.0 million since the Issue Date; *provided* that Restricted Payments made pursuant to this clause (15) other than Restricted Investments may only be made pursuant to this clause (15) if (x) such Restricted Payment is made on or after 1 April 2014 and (y) the Issuer would, at the time of such Restricted Payment and after giving *pro forma* effect thereto, have a Consolidated Net Leverage Ratio of less than 3.25 to 1.0; or

(16) any payment or distribution to or Investment into the direct or indirect holders of the Issuer's Equity Interests in connection with the partial repayment of the Participation Loan on or about the Escrow Release Date, payment of accrued interest under the Junior Facility Agreement and related consent fees and other amounts and the Contribution on or about the Escrow Release Date, in each case, as described in this Offering Memorandum.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. Unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness by virtue of its nature as unsecured Indebtedness.

Incurrence of Indebtedness and Issuance of Preferred Stock

VGIL will not, and will not cause or permit any of the Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and VGIL will not issue any Disqualified Stock and will not permit any of the Restricted Subsidiaries to issue any shares of preferred stock; *provided*, *however*:

(1) that VGIL may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock and the Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) and issue preferred stock, if the Fixed Charge Coverage Ratio for VGIL's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued, as the case may be, would have been at least 2.0 to 1.0, in each case, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, at the beginning of such four-quarter period; and

(2) if the Indebtedness to be incurred is Senior Secured Indebtedness, VGIL and the Restricted Subsidiaries may incur such Senior Secured Indebtedness if on the date on which such additional Indebtedness is incurred the Consolidated Senior Secured Leverage Ratio is less than 3.0 to 1.0, determined on a *pro forma* basis (including

a *pro forma* application of the net proceeds therefrom) as if the additional Indebtedness had been incurred at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

(1) the incurrence by the Issuer and Guarantors of Indebtedness under the Revolving Credit Facility in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed (i) £225.0 million *plus* (ii) £35.0 million for Indebtedness under letters of credit or any similar guarantee, indemnity or other instrument *plus* (iii), in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing *less* the aggregate amount of all Net Proceeds from Asset Sales in excess of all amounts permitted by clause (1) of the second paragraph of the covenant described under "—Repurchase at the Option of Holders—Asset Sales" to be applied by VGIL or any of the Restricted Subsidiaries since the Issue Date to repay, repurchase, prepay or redeem Indebtedness incurred pursuant to this clause (1) without correspondingly reducing commitments with respect thereto;

(2) Indebtedness of VGIL or any Restricted Subsidiary outstanding on (i) the Issue Date or (ii) the Escrow Release Date which was incurred in connection with the Refinancing (as described under the section "Use of Proceeds" of this Offering Memorandum);

(3) the incurrence by the Issuer and the Guarantors of Indebtedness represented by the Notes issued on the Issue Date (and, for the avoidance of doubt, excluding any Additional Notes) and the related Note Guarantees (including any future Note Guarantees);

(4) the incurrence by VGIL or any of the Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case incurred for the purpose of financing all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation or improvement of property, plant or equipment or other assets (including Capital Stock) used in the business of VGIL or any of the Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred or issued to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed £10.0 million at any time outstanding;

(5) the incurrence by VGIL or any Restricted Subsidiary of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clause (2), (3), (5) or (12) of this paragraph;

(6) the incurrence by VGIL or any Restricted Subsidiary of intercompany Indebtedness between or among VGIL or any Restricted Subsidiary; *provided* that:

(a) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and ((i) except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of VGIL and the Restricted Subsidiaries and (ii) only to the extent legally permitted (VGIL and the Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors of officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness)) expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Issuer, or the Note Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than VGIL or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either VGIL or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by VGIL or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any Restricted Subsidiary to VGIL or to any of the Restricted Subsidiaries of preferred stock; *provided* that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than VGIL or a Restricted Subsidiary; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either VGIL or a Restricted Subsidiary,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by VGIL or any Restricted Subsidiary of Hedging Obligations in the ordinary course of business and not for speculative purposes (as determined in good faith by VGIL or such Restricted Subsidiary, as the case may be);

(9) the guarantee by VGIL or any Restricted Subsidiary of Indebtedness of VGIL or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Note Guarantee, then the guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(10) the incurrence by VGIL or any of the Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within 30 days;

(11) Indebtedness represented by guarantees of any Management Advances;

(12) Indebtedness of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) VGIL or any Restricted Subsidiary (other than Indebtedness incurred to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by VGIL or a Restricted Subsidiary); *provided, however*, with respect to this clause (12), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred (a) VGIL would have been able to incur £1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the incurrence of such Indebtedness pursuant to this clause (12) or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction;

(13) Indebtedness arising from agreements of VGIL or a Restricted Subsidiary providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary; *provided* that the maximum liability of VGIL and the Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by VGIL and the Restricted Subsidiaries in connection with such disposition;

(14) Indebtedness of VGIL and the Restricted Subsidiaries in respect of (A) letters of credit, surety, performance or appeal bonds, completion guarantees, judgment, advance payment, customs, VAT or other tax guarantees, warranties or similar bonds, instruments or obligations issued in the ordinary course of business of such Person and in each case, not in connection with the borrowing of money, including letters of credit, bankers' acceptances or similar instruments in respect of self-insurance and workers compensation obligations, and (B) any customary cash management, cash pooling or netting or setting off arrangements, including customary credit card facilities, entered into in the ordinary course of business; *provided*, *however*, that, in the case of clause (A) above, upon the drawing of such letters of credit, surety, performance or appeal bonds, completion guarantees, judgment, advance payment, customs, VAT or other tax guarantees or other instrument, such obligations are reimbursed within 30 days following such drawing;

(15) Indebtedness arising from guarantees by VGIL or any Restricted Subsidiary granted to any trustee of any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust scheme approved by the Board of Directors of VGIL, so long as the proceeds of the Indebtedness so guaranteed are used to purchase Equity Interests of VGIL (other than Disqualified Stock); *provided* that the amount of any net cash proceeds from the sale of such Equity Interests of VGIL will be excluded from clause (c)(ii) of the first paragraph of the covenant described above under the caption "—Restricted Payments" and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "Optional Redemption" provisions of the Indenture; and

(16) the incurrence of Indebtedness by VGIL or any Restricted Subsidiary in an aggregate principal amount at any time outstanding, including all Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (16), not to exceed £10.0 million.

Notwithstanding the foregoing, Restricted Subsidiaries that are not a Guarantor may not incur any Indebtedness under the first paragraph or clauses (4) or (16) of the second paragraph of this covenant, unless the aggregate principal amount of all such Indebtedness shall not exceed £15.0 million outstanding at any one time.

Notwithstanding anything to the contrary contained herein, if the Indebtedness (or any part thereof) to be incurred pursuant to this covenant is intended to rank senior to the Notes or the Note Guarantees with respect to proceeds distributions of any enforcement of any of the Collateral, such Indebtedness (or any part thereof) may only be incurred pursuant to: (i) clause (1) of the definition of Permitted Debt under a revolving credit facility and (ii) clause (8) of the definition of Permitted Debt (but only to the extent the Hedging Obligations are only of the type referred to in clause (3) of the definition of Permitted Collateral Liens and such Indebtedness referred to in this clause (ii): (x) is related to commodity prices in the ordinary course; *provided* that no more than £70.0 million in aggregate amount of such proceeds distributions may be applied in priority to the Notes and the Note Guarantees against the settlement and other amounts that would fall due from VGIL or any Restricted Subsidiary upon the termination or close-out in full of such Hedging Obligations, or (y) is in respect of interest rates or currency exchange rates in the ordinary course of business).

For purposes of determining compliance with this "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (16) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, VGIL, in its sole discretion, will be permitted to classify such item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant; *provided*, *however*, that Indebtedness incurred under clause (1) of the definition of Permitted Debt may not be reclassified. Indebtedness under the Revolving Credit Facility outstanding on the Issue Date or Escrow Release Date will initially be deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of Permitted Debt. The accrual of interest or preferred stock dividends, the accretion or amortisation of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness as of the Issue Date (including, without limitation, capital leases) due to a change in GAAP (including a change to IFRS from GAAP pursuant to the definition thereof) will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant.

For purposes of determining compliance with any sterling-denominated restriction on the incurrence of Indebtedness, the sterling equivalent principal amount of Indebtedness denominated in a different currency shall be utilised, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred; *provided, however*, that (i) if such Indebtedness denominated in non-sterling currency is subject to a Currency Exchange Protection Agreement with respect to sterling the amount of such Indebtedness expressed in sterling will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) the sterling equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date. The principal amount of any refinancing Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the sterling equivalent of the Indebtedness refinanced determined on the date such Indebtedness was originally incurred, except that to the extent that:

(1) such sterling equivalent was determined based on a Currency Exchange Protection Agreement, in which case the refinancing Indebtedness will be determined in accordance with the preceding sentence; and

(2) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the sterling equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that VGIL or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

(1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with GAAP;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

    (i) the Fair Market Value of such assets at the date of determination; and

    (ii) the amount of the Indebtedness of the other Person;

(4) guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(5) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are incurred pursuant to any Credit Facility and are being treated as incurred pursuant to clause (1), (4) or (16) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included; and

(6) the principal amount of any Disqualified Stock of VGIL or a Restricted Subsidiary, or preferred stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof.

Neither the Issuer nor any Guarantor will incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Note Guarantee on substantially identical terms; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness.

Liens

VGIL will not and will not cause or permit any of the Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness upon any of their property or assets, now owned or hereafter acquired, except (1), in the case of any property or asset that does not constitute Collateral, (a) Permitted Liens or (b) if such Lien is not a Permitted Lien, to the extent that the Notes and/or the Note Guarantees are secured on an equal and ratable *pari passu* basis with the obligations so secured until such time as such obligations are no longer secured by a Lien and (2), in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien thereby created in favor of the Notes or any Note Guarantee pursuant to the preceding paragraph will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Lien to which it relates, (ii) in the case of any such Lien in favor of any such Note Guarantee, upon the termination and discharge of such Note Guarantee in accordance with the terms of the Indenture or (iii) any other circumstances set forth above under the caption "—Security—Release".

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

VGIL will not, and will not cause or permit any of the Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to VGIL or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to VGIL or any Restricted Subsidiary;

(2) make loans or advances to VGIL or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its properties or assets to VGIL or any Restricted Subsidiary,

provided that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to VGIL or any Restricted Subsidiary to other Indebtedness incurred by VGIL or any Restricted Subsidiary, in each case, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) any agreements as in effect on the Issue Date or the Escrow Release Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date or the Escrow Release Date, respectively (as determined in good faith by VGIL);

(2) the Indenture, the Notes, the Note Guarantees, the Revolving Credit Facility, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents;

(3) agreements governing other Indebtedness permitted to be incurred under the provisions of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the restrictions therein either are no more restrictive in any material respect or are not materially less favorable to the holders of the Notes than either (A) those contained in the Indenture, the Notes, the Note Guarantees, the Revolving Credit Facility and the Intercreditor Agreement, in each case, as in effect on the Issue Date or the Escrow Release Date, or (B) those that are customary in comparable financings (in either case, as determined in good faith by VGIL);

(4) applicable law, rule, regulation or order or the terms of any licence, authorisation, concession or permit;

(5) any instrument governing Indebtedness or Capital Stock of a Person acquired by VGIL or any of the Restricted Subsidiaries as in effect at the time of such acquisition, or pursuant to which such instrument is assumed by VGIL or any Restricted Subsidiary in connection with the acquisition of assets or the merger with such Person (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(6) customary non-assignment and similar provisions in contracts, leases, licences and joint venture agreements entered into in the ordinary course of business;

(7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(8) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced as determined in good faith by VGIL;

(10) Liens permitted to be incurred under the provisions of the covenant described above under the caption "—Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) customary provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements in the ordinary course of business (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements; and

(12) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business.

Merger, Consolidation or Sale of Assets

VGIL will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not VGIL is the surviving corporation) or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of VGIL and the Restricted Subsidiaries taken as a whole, in either case, in one or more related transactions, to another Person, unless:

(1) either: (a) VGIL is the surviving Person; or (b) the Person formed by or surviving any such consolidation or merger (if other than VGIL) or to which such sale, assignment, transfer, conveyance or other disposition has been made is an entity organised or existing under the laws of any member state of the Pre-Expansion European Union, Switzerland, Canada, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger with VGIL (if other than VGIL) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of VGIL under the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents to which VGIL is a party;

(3) immediately after giving *pro forma* effect to such transaction or transactions (and treating any Indebtedness which becomes an obligation of the surviving Person as a result of such transaction as having been incurred by the surviving Person at the time of such transaction or transactions), no Default or Event of Default exists;

(4) VGIL or the Person formed by or surviving any such consolidation or merger (if other than VGIL), or to which such sale, assignment, transfer, conveyance or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period (i) be permitted to incur at least £1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in clause (1) of the first paragraph of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) have a Fixed Charge Coverage Ratio not less than it was immediately prior to giving effect to such transaction; and

(5) VGIL delivers to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the Indenture constitutes the legal, valid and binding obligation of VGIL or the Person formed by or surviving any such consolidation or merger (as applicable) enforceable in accordance with its terms (*provided* that any such opinion of counsel may assume matters of fact, including as a factual matter that one or more conditions precedent have occurred).

In the event of any transaction described in and complying with the conditions listed in the immediately preceding paragraph in which VGIL is not the continuing Person, the successor Person formed or remaining or to which such transfer is made shall succeed to, and be substituted for, and may exercise every right and power of VGIL, and VGIL will be discharged from all obligations and covenants under the Indenture.

Viridian Group FundCo I Limited, the Issuer and the Subsidiary Guarantors (other than a Guarantor whose Note Guarantee is to be released in accordance with the terms of the Note Guarantee and the Indenture as described under "—Note Guarantees") will not, directly or indirectly: (i) consolidate or merge with or into another Person (whether or not Viridian Group FundCo I Limited, the Issuer or such Subsidiary Guarantor, as applicable, is the surviving corporation) or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of Viridian Group FundCo I Limited, the Issuer or such Subsidiary Guarantor, as applicable, and its Subsidiaries that are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either:

 (a) Viridian Group FundCo I Limited, the Issuer or such Subsidiary Guarantor, as applicable, is the surviving Person; or

 (b) the Person formed by or surviving any such consolidation or merger (if other than Viridian Group FundCo I Limited, the Issuer or such Subsidiary Guarantor, as applicable) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations Viridian Group FundCo I Limited, the Issuer or of such Subsidiary Guarantor, as applicable, under the Notes (in the case of the Issuer), its Note Guarantee (in the case of a Guarantor), the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents to which it is a party;

(2) immediately after giving *pro forma* effect to such transaction or transactions (and treating any Indebtedness which becomes an obligation of the surviving corporation as a result of such transaction as having been incurred by the surviving corporation at the time of such transaction or transactions), no Default or Event of Default exists; and

(3) VGIL delivers to the Trustee an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the Indenture, the Notes (in the case of the Issuer), and the Note Guarantee (in the case of a Guarantor) constitute legal, valid and binding obligations of Viridian Group FundCo I Limited, the Issuer, the Subsidiary Guarantor or the Person formed by or surviving any such consolidation and merger (as applicable) enforceable in accordance with their terms (*provided* that any such opinion of counsel may assume matters of fact, including as a factual matter that one or more conditions precedent have occurred).

In addition, neither VGIL, Viridian Group FundCo I Limited, the Issuer nor any Subsidiary Guarantor will, directly or indirectly, lease all or substantially all of the properties and assets of it and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

This "Merger, Consolidation or Sale of Assets" covenant will not apply to (a) any consolidation or merger of any Restricted Subsidiary of the Issuer that is not a Guarantor into VGIL, Viridian Group FundCo I Limited, the Issuer or a Guarantor, (b) any consolidation or merger among Guarantors, (c) any consolidation or merger among Restricted Subsidiaries of the Issuer that are not Guarantors, and (d) any consolidation or merger among the Issuer and any Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor is an entity organised or existing under the laws of any member state of the Pre-Expansion European Union, Switzerland, Canada, any state of the United States or the District of Columbia and such Guarantor shall assume all of the obligations of the Issuer under the Notes, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents to which the Issuer is a party and, to the extent applicable, clauses (2) and (5) of the first paragraph of this covenant and clauses (1) and (3) of the third paragraph of this covenant will be complied with. Clauses (3) and (4) of the first paragraph of this covenant and clause (2) of the third paragraph of this covenant will not apply to any merger or consolidation of the Issuer or any Guarantor with or into an Affiliate solely for the purpose of reincorporating the Issuer or such Guarantor in another jurisdiction, to change its domicile or to change its legal form. This "Merger, Consolidation or Sale of Assets" covenant will also not apply to the sale or other disposition of all or substantially all of the properties or assets of a Parent Guarantor to another Parent Guarantor or to the Issuer on the Escrow Release Date as described in this Offering Memorandum.

Transactions with Affiliates

VGIL will not, and will not cause or permit any of the Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of VGIL (each, an "*Affiliate Transaction*") involving aggregate payments or consideration in excess of £2.0 million, unless:

(1) the Affiliate Transaction is on terms that are no less favorable to VGIL or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by VGIL or such Restricted Subsidiary with an unrelated Person (as determined in good faith by VGIL); and

(2) VGIL delivers to the Trustee:

    (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of £10.0 million, a resolution of the Board of Directors of VGIL set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of VGIL; and, in addition; and

    (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of £20.0 million, a written opinion of an accounting, appraisal or investment banking firm of international standing, or other recognised independent expert of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is (i) fair from a financial point of view taking into account all relevant circumstances or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment agreement, collective bargaining agreement, consultant, employee benefit arrangements with any employee, consultant, officer or director of VGIL or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;

(2) transactions between or among VGIL and/or the Restricted Subsidiaries;

(3) transactions with a Person (other than an Unrestricted Subsidiary of VGIL) that is an Affiliate of VGIL solely because VGIL owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable and customary fees, indemnification and similar arrangements (including the payment of directors' and officers' insurance premiums) and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors, employees or consultants of VGIL or any of the Restricted Subsidiaries;

(5) any issuance of Equity Interests (other than Disqualified Stock) of VGIL to Affiliates of VGIL;

(6) any Restricted Payment that is permitted pursuant to the covenant described above under the caption "—Restricted Payments";

(7) any Permitted Investment (other than Permitted Investments described in clauses (3), (11) and (16) of the definition thereof);

(8) the incurrence of any Subordinated Shareholder Debt and any amendment, waiver or other transaction with respect to any Subordinated Shareholder Debt in compliance with the other provisions of the Indenture;

(9) transactions pursuant to, or contemplated by any agreement in effect on the Issue Date or the Escrow Release Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not-materially more disadvantageous to the holders of the Notes than the original agreement as in effect on the Issue Date or the Escrow Release Date, as applicable;

(10) any (i) power purchase or management services agreements between VGIL or a Restricted Subsidiary and an Unrestricted Subsidiary, (ii) guarantee provided by VGIL or a Restricted Subsidiary under or in connection with a power purchase or management services agreement with an Unrestricted Subsidiary, or (iii) direct agreement between VGIL or a Restricted Subsidiary and a lender or creditor of an Unrestricted Subsidiary in connection with either of the foregoing clauses (i) or (ii), in each case, so long as such transactions are on terms that are no less favorable to VGIL or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by VGIL or such Restricted Subsidiary with an unrelated Person (as determined in good faith by VGIL);

(11) Management Advances and the payment of Management Fees;

(12) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of this Indenture that are fair to VGIL or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of VGIL or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person; and

(13) (i) the Renewable Assets Reorganisation, so long as such transactions are on terms that are no less favorable to VGIL or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by VGIL or such Restricted Subsidiary with an unrelated Person (as determined in good faith by VGIL), (ii) the sale or other disposition of all or substantially all of the properties or assets of VGIL to Viridian Group FundCo III Limited on the Escrow Release Date as described in this Offering Memorandum and (iii) the Contribution on or about the Escrow Release Date as described in this Offering Memorandum.

Additional Guarantees

VGIL will not cause or permit any of the Restricted Subsidiaries that are not Guarantors, directly or indirectly, to guarantee the payment of, assume or in any manner become liable with respect to any other Indebtedness of the Issuer or a Guarantor unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the guarantee of the payment of the Notes by such Restricted Subsidiary, which guarantee will be senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Indebtedness.

Subject to the Agreed Security Principles, and to the extent permitted by the Intercreditor Agreement and any Additional Intercreditor Agreement, VGIL shall ensure that on the Escrow Release Date and within 60 days after the end of each VGIL's fiscal quarters that:

(1) the Consolidated EBITDA, determined separately and without double counting (for the avoidance of doubt, all intra-group items and Investments in Subsidiaries of VGIL of or by VGIL or any of the Restricted Subsidiaries shall be excluded), for the most recently ended four fiscal quarters of the Issuer and the Guarantors shall equal or exceed 90% of the Pro Forma Consolidated EBITDA for such four fiscal quarters of VGIL; and

(2) the combined Total Assets, determined separately, without double counting (for the avoidance of doubt, all intra-group items and Investments in Subsidiaries of VGIL of or by VGIL or any of the Restricted Subsidiaries shall be excluded), as of the last day of the most recently ended four fiscal quarters of the Issuer and the Guarantors shall equal or exceed 90% of the Pro Forma Consolidated Total Assets of VGIL as of such date,

by causing one or more of the Restricted Subsidiaries that are not Guarantors to become Guarantors to the extent necessary to ensure the foregoing thresholds are met. A Restricted Subsidiary that is not a Guarantor may become a Guarantor if it executes and delivers to the Trustee a supplemental indenture pursuant to which such Restricted Subsidiary will Guarantee payment of the Notes on the terms and conditions set forth in the Indenture and the Note Guarantees.

Subject to the Agreed Security Principles, the Intercreditor Agreement and any Additional Intercreditor Agreement, any such Restricted Subsidiary will, simultaneously with the execution of such supplemental indenture, pledge all of its existing and future assets to secure its Note Guarantee (other than an asset of such Restricted Subsidiary which is subject to a Permitted Lien at the time of the execution of such supplemental indenture if providing such pledge would not be permitted by the terms of such Permitted Lien or by the terms of any Obligations secured by such Permitted Lien), and VGIL will cause all of the Capital Stock in such Restricted Subsidiary owned by VGIL and the Restricted Subsidiaries to be pledged to secure the Notes and the Note Guarantees. Each additional Note Guarantee will be limited as necessary to recognise certain defences generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally) or other considerations under applicable law. Notwithstanding the foregoing, VGIL shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes to the extent that such Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in (i) a violation of applicable law or a licence of a Regulated Entity which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to VGIL or the Restricted Subsidiary (including "whitewash" or similar procedures), (ii) any liability for the officers, directors or shareholders of such Restricted Subsidiary or (iii) any significant cost, expense, liability or obligation (including with respect of any Taxes, but excluding any reasonable guarantee or similar fee payable to the Issuer or a Restricted Subsidiary) other than reasonable out of pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (i) undertaken in connection with, such Note Guarantee, which cannot be avoided through measures reasonably available to VGIL or the Restricted Subsidiary.

Impairment of Security Interest

VGIL will not, and will not cause or permit any of the Restricted Subsidiaries to, take or knowingly or negligently omit to take, any action which action or omission would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Liens on the Collateral permitted by the definition of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the holders of the Notes, and VGIL will not, and will not cause or permit any of the Restricted Subsidiaries to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the holders of the Notes and the other beneficiaries described in the Security Documents and the Intercreditor Agreement, any interest whatsoever in any of the Collateral; *provided* that (a) nothing in this provision will restrict the discharge or release of the Collateral in accordance with the Indenture, the Security Documents and the Intercreditor Agreement, (b) VGIL and the Restricted Subsidiaries may incur Permitted Collateral Liens and (c) VGIL and the Restricted Subsidiaries may release and retake the Collateral (provided that any Collateral so retaken will secure Indebtedness on the same basis of priority as immediately prior to any such release) in order to implement a merger, consolidation or transfer or other transaction not prohibited by the covenant described under "—Merger, Consolidation or Sale of Assets"; and *provided further, however,* that no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified, replaced or released, unless contemporaneously with such amendment, extension, replacement, restatement, supplement, modification or renewal, the Issuer delivers to the Trustee one of the following: (1) a solvency opinion from an internationally recognised investment bank or accounting firm, in form and substance reasonably satisfactory to the Trustee confirming the solvency of VGIL and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release; (2) a certificate from the board of directors or chief financial officer of VGIL (acting in good faith), in the form set forth as an exhibit to the Indenture, that confirms the solvency of the Person granting such Lien after giving effect to any transaction related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release; or (3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release, the Lien or Liens securing the Notes created under the Security Documents so amended, extended, renewed, restated, supplemented, modified, replaced or released are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, and that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification, replacement or release.

At the direction of the Issuer and without the consent of the holders of Notes, the Security Agent may from time to time enter into one or more amendments to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) subject to compliance with the first paragraph of this covenant, provide for Permitted Collateral Liens; (iii) comply with the terms of the Intercreditor Agreement and any Additional Intercreditor Agreement; (iv) add to the Collateral; (v) evidence the succession of another Person to the Issuer or any Guarantor and the assumption by such successor of the obligations under the Indenture, the Notes and the Security Documents, in each case, including in accordance with "—Certain Covenants—Merger, Consolidation or Sale of Assets"; (vi) provide for the release of property and assets constituting Collateral from the Lien of the Security Documents and/or the release of the Note Guarantee of a Guarantor, in each case, in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the relevant Security Documents, in each case, as applicable; (vii) conform the Security Documents to this "Description of the Notes"; (viii) to evidence and provide for the acceptance of the appointment of a successor Trustee or Security Agent or (ix) make any other change thereto that does not adversely affect rights of the holders of the Notes in any material respect.

In the event that the Issuer complies with this covenant, the Trustee and the Security Agent will (subject to customary protections and indemnifications) consent to such amendment, extension, renewal, restatement, supplement, modification or replacement with no need for instructions from holders of the Notes. By accepting a Note, each holder of Notes will be deemed to have consented to and directed the Trustee and the Security Agent consenting to such amendment, extension, renewal, restatement, supplement, modification or replacement from time to time.

Collateral

Subject to the Intercreditor Agreement, any Additional Intercreditor Agreement and any relevant Security Document, VGIL will, and will procure that each of the Restricted Subsidiaries will, at its own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (i) for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security Documents; and (ii) if such Security Documents have become enforceable, for facilitating the realisation of all or any part of the assets which are subject to such Security Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. VGIL will, and will procure that each of its Subsidiaries will, execute all transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give all notices, orders and directions which the Security Agent may reasonably request pursuant to the terms of the Intercreditor Agreement, any Additional Intercreditor Agreement and the relevant Security Document. To the extent that the terms and conditions of the Intercreditor Agreement, any Additional Intercreditor Agreement and/or any relevant Security Document conflict with the preceding sentence, those agreements, and not the preceding sentence, will be given effect and override the preceding sentence.

Additional or Amended Intercreditor Agreement

The Indenture will provide that, at the request of the Issuer, at the time of, or prior to, the incurrence by the Issuer or any Guarantor of Indebtedness permitted pursuant to (x) the first paragraph of the covenant described under "Incurrence of Indebtedness and Issuance of Preferred Stock" or clauses (1), (8) and (16) of the second paragraph of the covenant described under "—Incurrence of Indebtedness and Issuance of Preferred Stock" and (y) any Permitted Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (x) as well as clause (3) of the second paragraph of the covenant described under "—Incurrence of Indebtedness and Issuance of Preferred Stock", the Issuer, the relevant Guarantors, the Trustee and the Security Agent will (without the consent of the holders of the Notes) enter into an additional intercreditor agreement (each an "*Additional Intercreditor Agreement*") on terms substantially similar to the Intercreditor Agreement (or not materially less favorable to the holders of the Notes) or an amendment to or an amendment and restatement of the Intercreditor Agreement (which amendment does not adversely affect the rights of holder of the Notes); *provided* that such Intercreditor Agreement or Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture, any Additional Intercreditor Agreement or the Intercreditor Agreement without the consent of the Trustee or Security Agent, as applicable.

The Indenture will provide that, at the direction of the Issuer and without the consent of holders of the Notes, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be incurred by VGIL or a Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (8) make any other change to any such agreement that does not adversely affect the holders of the Notes in any material respect. The Issuer shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "—Amendment, Supplement and Waiver", and the Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement without the consent of the Trustee or Security Agent, as applicable.

The Indenture will provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and Security Agent, if applicable) shall consent on behalf of the holders of the Notes to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby, provided that such transaction would comply with the covenant described under "—Restricted Payments".

The Indenture will provide that each holder of a Note, by accepting such Note, will be deemed to have agreed to and accepted the terms and conditions of each Intercreditor Agreement and Additional Intercreditor Agreement and any amendment referred to in the preceding paragraph and to have authorised and directed the Trustee and the Security Agent to sign the necessary documents to give effect to the amendments referred to in the preceding paragraph, and the Trustee or the Security Agent will not be required to seek the consent of any holders of Notes to perform its obligations under and in accordance with this covenant.

Limitation on VGIL Activities

VGIL must not carry on any business or own any assets other than:

(a) the ownership of Capital Stock of Viridian Group FundCo I Limited;

(b) the provision of administrative services (including Investments pursuant to intercompany loans with Viridian Group FundCo I Limited, but excluding Investments pursuant to intercompany loans with Persons other than Viridian Group FundCo I Limited, treasury services and cash management functions (comprising cash pooling or similar arrangements for VGIL and its Subsidiaries as a group)), legal and accounting services and management services to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the ownership of assets necessary to provide such services;

(c) the offering, sale, issuance and servicing, consent or amendment, purchase, redemption, refinancing or retirement of the Notes, the Revolving Credit Facility or the incurrence of other Indebtedness and Subordinated Shareholder Debt permitted by the terms of the Indenture or performance of the terms and conditions of such Indebtedness, to the extent such activities are otherwise permissible under the Indenture and the granting of Liens permitted pursuant to the covenant described above under the caption "—Liens";

(d) rights and obligations arising under the Indenture, the Intercreditor Agreement, the Security Documents and the Revolving Credit Facility;

(e) the ownership of cash and Cash Equivalents (i) in the ordinary course of business or (ii) to the extent contributed substantially concurrently to a Parent Holdco of VGIL in compliance with the covenant described under the caption "—Restricted Payments";

(f) making Investments in the Notes;

(g) activities directly related or reasonably incidental to the establishment and/or maintenance of its or its Subsidiaries corporate existence including professional fees and administration costs in the ordinary course of business as a holding company; or

(h) other activities not specifically enumerated above that are *de minimis* in nature.

Limitation on Issuer Activities

Notwithstanding anything contained in the Indenture to the contrary for the period from the Issue Date to the release of funds from the Escrow Account on the Escrow Release Date, the Issuer will not engage in any business activity or undertake any other activity, except any activity (a) relating to the offering, sale or issuance of the Notes issued on the Issue Date and any additional Notes, the incurrence of Indebtedness represented by the Notes and the additional Notes, (b) undertaken with the purpose of fulfilling any other obligations under the Notes, the additional Notes or the Indenture or (c) related to the establishment or maintenance of the Issuer's corporate existence and activities related to its obligations under the Escrow Agreement and the Escrow Charge.

For the period from the Issue Date to the release of funds from the Escrow Account on the Escrow Release Date, the Issuer will not (a) incur any Indebtedness other than the Indebtedness represented by the Notes and, subject to compliance with the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock", additional Notes, (b) except as otherwise permitted by the preceding paragraph, issue any Capital Stock other than the issuance of its ordinary shares to its current shareholder (the charitable trust) or Viridian Group FundCo I Limited, or (c) create, incur, assume or suffer to exist any Lien in respect of borrowed money of any kind against or upon any of its property or assets, or any proceeds therefrom, except for Liens to secure the payment or performance of the Notes (including the Escrow Charge).

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of VGIL may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by VGIL and the Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption "—Restricted Payments" or under one or more clauses of the definition of Permitted Investments, as determined by VGIL. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. VGIL may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of VGIL as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Issuer's Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complies with the preceding conditions and was permitted by the covenant described above under the caption "—Restricted Payments". If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock", VGIL will be in default of such covenant. The Board of Directors of VGIL may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock", calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

Payments for Consent

VGIL will not, and will not cause or permit any of the Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Notwithstanding the foregoing, VGIL and the Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, to exclude holders of Notes in any jurisdiction where (A) (i) the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash, or (ii) the payment of the consideration therefor would require VGIL or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the U.S. federal securities laws and the laws of the European Union or its members states), which VGIL in its sole discretion determines (acting in good faith) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction) or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Maintenance of Listing

Each of the Issuer and the Guarantors will use its commercially reasonable efforts to maintain the listing of the Notes on the Euro MTF Market for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it is unable to list or it will not maintain such listing, it will obtain prior to the delisting of the Notes from the Official List of the Luxembourg Stock Exchange and the withdrawal from the trading of the Notes on the Euro MTF Market, and thereafter use its best efforts to maintain, a listing of such Notes on another "recognised stock exchange" as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom.

Reports

For so long as any Notes are outstanding, the Issuer will furnish to the Trustee the following reports:

(1) within 120 days after the end of VGIL's fiscal year (150 days in the case of the fiscal year ending 31 March 2012) beginning with the fiscal year ending 31 March 2012, annual reports containing the following information: (a) audited consolidated balance sheet of VGIL as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of VGIL for the two most recent fiscal years, including complete notes to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information of VGIL (which need not comply with Article 11 of Regulation S-X under the U.S. Exchange Act), together with explanatory notes, for any material acquisitions, dispositions or recapitalisations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below (*provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Issuer will provide, in the case of a material acquisition, acquired company financials to the extent reasonably available)); (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations (including a discussion by business segment), financial condition and liquidity and capital resources with a level of detail that is substantially comparable to this Offering Memorandum, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the business, management and shareholders of VGIL; (e) a description of material affiliate transactions and material debt instruments with a level of detail that is substantially comparable to this Offering Memorandum; and (f) material risk factors and material recent developments (to the extent not previously reported pursuant to clause (3) below);

(2) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of VGIL (90 days in the case of the fiscal quarter ending 30 June 2012), quarterly reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the quarterly and year to date periods ending on the unaudited condensed balance sheet date, and (except with respect to the fiscal quarter ending 31 December 2011 so long as the Issuer provides summary comparison of revenues, operating profits and capital expenditures), the comparable prior year periods for VGIL, together with condensed note disclosure; (b) *pro forma* income statement and balance sheet information of VGIL (which need not comply with Article 11 of Regulation S-X under the U.S. Exchange Act), together with explanatory notes, for any material acquisitions, dispositions or recapitalisations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (3) below), *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Issuer will provide, in the case of a material acquisition, acquired company financials to the extent reasonably available); (c) an operating and financial review of the unaudited financial statements (including a discussion by business segment), including a discussion of the consolidated financial condition and results of operations of VGIL and any material change

between the current quarterly period and the corresponding period of the prior year; and (d) material recent developments (to the extent not previously reported pursuant to clause (3) below); and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring of VGIL and the Restricted Subsidiaries, taken as a whole, or any changes of the Chief Executive Officer or Chief Financial Officer at VGIL or change in auditors of VGIL or any other material event that VGIL announces publicly, a report containing a description of such event,

provided, *however*, that the reports set forth in clauses (1), (2) and (3) above will not be required to (i) contain any reconciliation to U.S. generally accepted accounting principles or (ii) include separate financial statements for any Guarantors or non-guarantor Subsidiaries of the Issuer.

In addition, if VGIL has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements, in the notes thereto or elsewhere in such report, of the financial condition and results of operations of VGIL and the Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of VGIL.

All financial statements will be prepared in accordance with GAAP. Except as provided for above, no report need include separate financial statements for VGIL or Subsidiaries of VGIL or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum.

In addition, for so long as any Notes remain outstanding, the Issuer has agreed that it will furnish to the holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

Contemporaneously with the furnishing of each such report discussed above, the Issuer will also (a) file a press release with the appropriate internationally recognised wire services in connection with such report and (b) post such report on a website maintained by VGIL or any of its Affiliates. The Issuer will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, at the offices of the Paying Agent in Luxembourg or to the extent and in the manner permitted by such rules, post such reports on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Existing Wind Farm and Renewable Assets

(1) For so long as any Notes are outstanding, any Existing Wind Farm Net Proceeds received by VGIL or any of its Subsidiaries will be applied within 60 days of such sale, lease, conveyance or disposition of such Existing Wind Farm Asset or receipt if later to repay, repurchase, prepay or redeem:

(a) Indebtedness outstanding under the Bridge Loan;

(b) Indebtedness outstanding under the Junior Facility Agreement and/or Subordinated Shareholder Debt of a Parent Guarantor to facilitate the repayment, repurchase, prepayment or redemption (or any upfront or periodic payment in lieu of such repayment, repurchase, prepayment or redemption) of the Junior Facility Agreement;

(c) Indebtedness of the Issuer or any Guarantor incurred pursuant to clause (1) of the definition of Permitted Debt that is secured by a Lien on the Collateral and that is not subordinated in right of payment to the Notes or any Note Guarantee;

(d) Indebtedness of a Restricted Subsidiary that is not a Guarantor;

(e) the Notes pursuant to an offer to all holders of Notes at a purchase price equal to 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase; or

(f) any combination of clauses (a) through (e) above,

provided, in each case, that if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto.

(2) For so long as any Notes are outstanding, if any Investment was made, directly or indirectly, in any joint venture or Unrestricted Subsidiary in reliance on either clause (11)(a) or (16) of the definition of Permitted Investments, then the Renewable Assets Sale Proceeds shall be repaid or otherwise distributed to VGIL or the relevant Restricted Subsidiary that made such Investment concurrently with any sale, lease, conveyance or other disposition of any Renewable Asset by such Unrestricted Subsidiary or joint venture.

(3) For so long as any Notes are outstanding, the maximum aggregate amount of Investments in (i) Existing Wind Farm Assets made pursuant to clause (15) of the second paragraph under the heading "—Certain Covenants—Restricted Payments" and clauses (11)(a) and (16) of the definition of Permitted Investments and (ii) the wind farm assets at Hollyford, RoI which are wholly owned by EWP (the "Hollyford WFAs"), shall not, in the aggregate, exceed £4.0 million (the "Investments Cap"); *provided, however*, that the Investments Cap shall be reduced to £2.5 million if no investment is made in the Hollyford WFAs prior to twelve months from the Issue Date.

ElectricInvest (Cayman) Limited Restrictions

VGIL will not cause or permit ElectricInvest (Cayman) Limited to: (i) assign any of its rights; (ii) transfer by novation any of its rights and obligations; or (iii) enter into any sub-participation or other arrangement whereby another person acquires direct or indirect control over ElectricInvest (Cayman) Limited's rights, in each case, in respect of its participations in the Loans (as defined in the Junior Facility Agreement) to a person which is not a Restricted Subsidiary.

If ElectricInvest (Cayman) Limited (i) assigns its rights, (ii) transfers by novation any of its rights and obligations, or (iii) enters into any sub-participation or other arrangement whereby another person acquires direct or indirect control over ElectricInvest (Cayman) Limited's rights, in each case, in respect of its participations in the Loans (as defined in the Junior Facility Agreement) to a Restricted Subsidiary, then VGIL shall cause such Restricted Subsidiary to execute and deliver, prior to such assignment, transfer or sub-participation becoming effective, a deed substantially in the same form as the deed poll dated on or about the date of this Agreement granted by ElectricInvest (Cayman) Limited in favour of Commerzbank Aktiengesellschaft, Filiale Luxemburg and the other beneficiaries referred to therein.

ElectricInvest (Cayman) Limited shall at all times remain a Wholly Owned Restricted Subsidiary.

Suspension of Certain Covenants when Notes Rated Investment Grade

If on any date following the Escrow Release Date:

(1) the Notes have achieved Investment Grade Status; and

(2) no Default or Event of Default shall have occurred and be continuing on such date,

then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the "*Suspension Period*"), the covenants specifically listed under the following captions in this Offering Memorandum will no longer be applicable to the Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to VGIL and the Restricted Subsidiaries:

(1) "—Repurchase at the Option of Holders—Asset Sales";

(2) "—Restricted Payments";

(3) "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(4) "—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(5) "—Designation of Restricted and Unrestricted Subsidiaries";

(6) "—Transactions with Affiliates"; and

(7) clause (4) of the first paragraph of the covenant described under "—Merger, Consolidation or Sale of Assets".

Such covenants will not, however, be of any effect with regard to the actions of VGIL and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period*; provided* that (1) the covenant described under the caption "—Restricted Payments" will be interpreted as if it had been in effect since the Issue Date except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made during the Suspension Period and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2) of the second paragraph of the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock". Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero.

There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Events of Default and Remedies

Each of the following is an "*Event of Default*":

(1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;

(2) default in the payment when due (at maturity, upon redemption, upon Special Mandatory Redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure by the Issuer or relevant Guarantor to comply with the provisions described under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets" or "—Certain Covenants—ElectricInvest (Cayman) Limited Restrictions";

(4) failure by the Issuer or relevant Guarantor for 60 days after written notice (i) to the Issuer by the Trustee or (ii) to the Issuer and the Trustee by the holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in the Indenture (other than a default in performance, or breach, or a covenant or agreement which is specifically dealt with in clauses (1), (2) or (3));

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by VGIL or any of the Restricted Subsidiaries (or the payment of which is guaranteed by VGIL or any of the Restricted Subsidiaries), whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default:

    (a) is caused by a failure to pay principal of such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

    (b) results in the acceleration of such Indebtedness prior to its express maturity,

    and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates £20.0 million or more;

(6) failure by VGIL or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of £20.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal, waiver or otherwise, shall not have been in effect;

(7) except as permitted by the Indenture (including with respect to any limitations), any Note Guarantee of a Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary, or any Person acting on behalf of any such Guarantor or Guarantors, denies or disaffirms its obligations under its Note Guarantee;

(8) (i) breach by VGIL or any Restricted Subsidiary of any material representation, warranty or agreement in any Security Document with respect to Collateral having a Fair Market Value in excess of £5.0 million; *provided* that if such breach is curable under each Security Document pursuant to which such breach occurred, such breach has continued uncured for a period of 15 days; (ii) any security interest created by any Security Document with respect to Collateral having a Fair Market Value in excess of £5.0 million ceases to be in full force and effect (except as permitted by the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents) or an assertion by VGIL or any of the Restricted Subsidiaries that any Collateral having a Fair Market Value in excess of £5.0 million is not subject to a valid, perfected security interest (except as permitted by the terms of the Indenture, the Intercreditor Agreement, any

Additional Intercreditor Agreement and the Security Documents); or (iii) the repudiation by VGIL or any of the Restricted Subsidiaries of any of its material obligations under any Security Document with respect to Collateral having a Fair Market Value in excess of £5.0 million; and

(9) certain events of bankruptcy or insolvency described in the Indenture with respect to VGIL or any of the Restricted Subsidiaries that is a Significant Subsidiary or any group of the Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Issuer or any Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice or other action on the part of the Trustee or any holders of Notes. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes by written notice to the Issuer (and to the Trustee if such notice is given by the holders) may and the Trustee, upon the written request of such holders, shall declare all amounts in respect of the Notes to be due and payable immediately.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the Trustee indemnity and/or security satisfactory to it against any loss, liability or expense. Except (subject to the provisions described under "—Amendment, Supplement and Waiver") to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested, in writing, that the Trustee pursue the remedy;

(3) such holders have offered the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of not less than a majority in aggregate principal amount of the Notes outstanding may, on behalf of the holders of all outstanding Notes, waive any past default under the Indenture and its consequences, except a continuing default in the payment of principal of, or interest, Additional Amounts or premium on, any Note held by a non-consenting holder (which may only be waived with the consent of each holder of Notes affected).

The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture. The Issuer will be required to deliver written notice to the Trustee as soon as reasonably practicable after becoming aware of the occurrence of a Default or Event of Default.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer, any Guarantor, or any of their shareholders or Affiliates, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Indenture and the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under applicable securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Note Guarantees ("*Legal Defeasance*") except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Notes when such payments are due from the trust referred to below;

(2) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and the Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, all Events of Default described under "—Events of Default and Remedies" (except those relating to payments on the Notes or, solely with respect to the Issuer, bankruptcy or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, (a) for the benefit of holders of the Dollar Notes, cash in U.S. dollars, non-callable U.S. Government Securities or a combination thereof and (b) for the benefit of the holders of the Euro Notes, cash in euro, non-callable European Government Securities or a combination thereof, in each case in amounts as will be sufficient, in the opinion of a nationally recognised investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee an opinion reasonably acceptable to the Trustee of United States counsel confirming that (a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes will not recognise income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an opinion reasonably acceptable to the Trustee of United States counsel confirming that the holders of the outstanding Notes will not recognise income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer or the Guarantors with the intent of defeating, hindering, delaying or defrauding any creditors of the issuer, the Guarantors or others; and

(5) the Issuer must deliver to the Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided otherwise in the succeeding paragraphs, the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes); *provided* that, if any amendment, waiver or other modification will only affect one series of the Notes, only the consent of a majority in principal amount of the then outstanding Notes of such series shall be required.

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes affected (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), an amendment, supplement or waiver may not (with respect to any such series of the Notes held by a non-consenting holder):

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver (other than with respect to provisions that could be amended with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes);

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the caption "—Repurchase at the Option of Holders");

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) impair the right of any holder of Notes to receive payment of principal of and interest on such holder's Notes on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any guarantee in respect thereof;

(5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);

(6) make any Note payable in money other than that stated in the Notes;

(7) make any change in the provisions of the Indenture relating to waivers of past Defaults in respect of payments of principal of, or interest, Additional Amounts or premium on, the Notes or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes;

(8) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the caption "—Repurchase at the Option of Holders");

(9) release any Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement;

(10) release the Lien on Collateral granted for the benefit of the holders of Notes, except in accordance with the terms of the relevant Security Document, the Indenture and the Intercreditor Agreement; or

(11) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, the Issuer, the Guarantors, the Security Agent and the Trustee (to the extent they are party to the agreement in question) may amend or supplement the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to provide for the assumption of the Issuer's or a Guarantor's obligations to holders of Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;

(5) to conform the text of the Indenture, the Note Guarantees, the Notes or the Security Documents to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Note Guarantees, the Notes or the Security Documents;

(6) to release any Note Guarantee in accordance with the terms of the Indenture or a Lien over any of the Collateral securing the Notes;

(7) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;

(8) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes;

(9) to provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code);

(10) to enter into additional or supplemental Security Documents or otherwise add to the Collateral;

(11) to add additional parties to the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document to the extent permitted hereunder or thereunder and to enter into an Additional Intercreditor Agreement pursuant to the provisions under, the caption "—Certain Covenants—Additional or Amended Intercreditor Agreement"; or

(12) to evidence and provide the acceptance of the appointment of a successor Trustee or the Security Agent under the Indenture or to evidence and provide the acceptance of the appointment of a Security Agent under the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document.

The consent of the holders of Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

In formulating its opinion on such matters, the Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including an opinion of counsel and an Officer's Certificate.

For the purpose of calculating the aggregate principal amount of Notes that have consented to or voted in favor of any amendment, supplement or waiver, the Euro Equivalent of the principal amount of any Dollar Notes shall be as of the Issue Date.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated and delivered, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer or discharged from such trust as provided for in the Indenture, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption by the Trustee in the name, and at the expense, of the Issuer or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, (a) cash in U.S. dollars, non-callable U.S. Government Securities or a combination of cash in U.S. dollars and non-callable U.S. Government Securities (in the case of the Dollar Notes) and (b) cash in euro, non-callable European Government Securities or a combination of cash in euro and non-callable European Government Securities (in the case of the Euro Notes), in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by the Issuer and the Guarantors under the Indenture; and

(3) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an opinion of independent counsel to the Trustee stating that all conditions precedent in the Indenture relating to satisfaction and discharge of the Indenture have been satisfied; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

Judgment Currency

Any payment on account of an amount that is payable in dollars in respect of Dollar Notes or euros in respect of Euro Notes which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the "*Judgment Currency*"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or any Guarantor, shall constitute a discharge of the Issuer or the Guarantor's obligation under the Indenture and the Notes or Note Guarantee, as the case may be, only to the extent of the amount of dollars in respect of Dollar Notes or euros in respect of Euro Notes that such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of dollars in respect of Dollar Notes or euros in respect of Euro Notes that could be so purchased is less than the amount of sterling originally due to such holder or the Trustee, as the case may be, the Issuer and the Guarantors shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

The Issuer shall deliver written notice to the Trustee as soon as reasonably practicable after becoming aware of the occurrence of a Default or an Event of Default. If the Trustee becomes a creditor of the Issuer or any Guarantor, the Indenture limits the right of the Trustee to obtain payment. The Trustee will be permitted to engage in other transactions with the Issuer or any Guarantor; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

The Issuer and, following the Escrow Release Date, the Guarantors jointly and severally will indemnify the Trustee for certain claims, liabilities and expenses incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with its duties.

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market. The Issuer has initially designated The Bank of New York Mellon (Luxembourg) S.A. as its agent for those purposes and the address of The Bank of New York Mellon (Luxembourg) S.A. is Vertigo Building, Polaris—2-4 rue Eugène Ruppert L-2453, Luxembourg.

Additional Information

Anyone who receives this Offering Memorandum may, following the Issue Date, obtain a copy of the Indenture, the form of Note, the Escrow Agreement, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement without charge by writing to the Issuer or the Luxembourg Paying Agent.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, copies of the Issuer's annual audited consolidated financial statements and this Offering Memorandum may be obtained, free of charge, during normal business hours at the offices of the Paying Agent in Luxembourg.

Governing Law

The Indenture, the Notes and the Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. The Intercreditor Agreement will be governed by English law.

Consent to Jurisdiction and Service of Process

The Indenture will provide that the Issuer and each Guarantor, will appoint CT Corporation System, 111 Eight Avenue, 13th Floor, New York, New York 10011, USA, as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Note Guarantees brought in any U.S. federal or New York state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Since a substantial portion of the assets of the Issuer and the Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, may not be collectable within the United States. Please see "Enforcement of Civil Liabilities".

Prescription

Claims against the Issuer or any Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalised terms used herein for which no definition is provided.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control", as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "*controlling*", "*controlled by*" and "*under common control with*" have correlative meanings.

"*Agreed Security Principles*" means the Agreed Security Principles as set forth in the Indenture (or a schedule thereto), as applied reasonably and in good faith by VGIL.

"*Applicable Premium*" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; or

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Note at 1 April 2015 (such redemption price being set forth in the table appearing above under the caption "—Optional Redemption"), *plus* (ii) all required interest payments due on the Note through 1 April 2015 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate (in the case of Euro Notes) or the Treasury Rate (in the case of Dollar Notes) as of such redemption date plus 50 basis points; *over*

(b) the principal amount of the Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer may engage. For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee, the Registrar or any Paying Agent.

"*Arcapita*" means Arcapita Bank B.S.C.(c).

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets by VGIL or any of the Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of VGIL and the Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "—Repurchase at the Option of Holders—Change of Control" and/or the provisions described above under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets" and not by the provisions described under the caption "—Repurchase at the Option of Holders—Asset Sales"; and

(2) the issuance of Equity Interests by any Restricted Subsidiary or the sale by VGIL or any of the Restricted Subsidiaries of Equity Interests in any Subsidiary of VGIL (in each case, other than directors' qualifying shares).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than £5.0 million;

(2) a transfer of assets or Equity Interests between or among VGIL and any Restricted Subsidiary;

(3) an issuance of Equity Interests by a Restricted Subsidiary to VGIL or to another Restricted Subsidiary;

(4) the sale, lease or other transfer of accounts receivable, inventory or other assets in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets or assets that are no longer useful in the conduct of the business of VGIL and the Restricted Subsidiaries;

(5) licences and sublicences by VGIL or any of the Restricted Subsidiaries in the ordinary course of business;

(6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(7) the granting of Liens not prohibited by the covenant described above under the caption "—Certain Covenants—Liens";

(8) the sale or other disposition of cash or Cash Equivalents;

(9) a Restricted Payment that does not violate the covenant described above under the caption "—Certain Covenants—Restricted Payments", a Permitted Investment or any transaction specifically excluded from the definition of Restricted Payment;

(10) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(12) the lease, assignment, sublease, licence or sublicence of any real or personal property in the ordinary course of business;

(13) any sale, transfer, lease, exchange or other disposition (including pursuant to a derivative transaction) of carbon dioxide emissions allowances, renewable obligation certificates and similar intangibles in the ordinary course of business and not for speculative purposes (as determined in good faith by VGIL or such Restricted Subsidiary, as the case may be);

(14) any Investment or disposition of Capital Stock, Indebtedness or other securities of any Unrestricted Subsidiary that are held directly by VGIL or a Restricted Subsidiary and/or any proceeds or any other consideration received from the sale, transfer, lease, exchange or other disposition (including pursuant to a derivative transaction) of such Capital Stock, Indebtedness or other securities or assets of such Unrestricted Subsidiary;

(15) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by VGIL or any Restricted Subsidiary to such Person) related to such assets; and

(16) the Renewable Assets Reorganisation, so long as VGIL (or a Restricted Subsidiary, as the case may be) receives consideration at the time of the disposal of the Existing Wind Farm Assets and any other Renewable Assets at least equal to the Fair Market Value (measured as of the date of the definitive agreement with respect to such disposal) of the assets or Equity Interests issued or sold or otherwise disposed of.

"*Asset Sale Offer*" has the meaning assigned to that term in the Indenture governing the Notes.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "*Beneficially Owns*" and "*Beneficially Owned*" have corresponding meanings.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorised to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Bridge Loan*" means the loan incurred (or to be incurred) on or about the Escrow Release Date by an Affiliate of Arcapita for the purpose of refinancing the Participation Loan (or as a result of a novation of amounts outstanding under the Participation Loan).

"*Bund Rate*" means, as of any redemption date, the rate per annum equal to the equivalent yield to maturity as of such redemption date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(1) "*Comparable German Bund Issue*" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to 1 April 2015, and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Euro Notes and of a maturity most nearly equal to 1 April 2015, *provided*, *however*, that, if the period from such redemption date to 1 April 2015 is less than one year, a fixed maturity of one year shall be used;

(2) “*Comparable German Bund Price*” means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) “*Reference German Bund Dealer*” means any dealer of German Bundesanleihe securities appointed by the Issuer in good faith; and

(4) “*Reference German Bund Dealer Quotations*” means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany time on the third Business Day preceding the relevant date.

“*Business Day”* means a day other than a Saturday, Sunday or other day on which banking institutions in London, Belfast, Dublin or New York or a place of payment under the Indenture are authorised or required by law to close.

“*Capital Lease Obligation*” means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalised on a balance sheet (excluding the notes thereto) prepared in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty. For the avoidance of doubt, operating leases will not be deemed a Capital Lease Obligation.

“*Capital Stock*” means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“*Cash Equivalents*” means:

(1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the Pre-Expansion European Union, the United States of America or Switzerland (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the Pre-Expansion European Union or the United States of America or Switzerland, as the case may be, and which are not callable or redeemable at the Issuer’s option;

(2) overnight bank deposits, time deposit accounts, certificates of deposit, banker’s acceptances and money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition issued by a bank or trust company which is organised under, or authorised to operate as a bank or trust company under, the laws of a member state of the Pre-Expansion European Union or of the United States of America or any state thereof or Switzerland; *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of £250.0 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated “A-1” or higher by Moody’s or A+ or higher by S&P or the equivalent rating category of another internationally recognised rating agency;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within one year after the date of acquisition; and

(5) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of VGIL and its Subsidiaries, taken as a whole, to any Person (including any "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act)) other than a Permitted Holder (other than any such sale, lease, transfer, conveyance or other disposition of all or substantially all of the assets of VGIL to an Affiliate of VGIL for the purpose of reincorporating VGIL in another jurisdiction, changing domicile or changing corporate form; *provided* that such transaction complies with the covenant described under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets");

(2) the adoption of a plan relating to the liquidation or dissolution of VGIL;

(3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" (as defined above), other than the Permitted Holders, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of VGIL, measured by voting power rather than number of shares; *provided* that for the purposes of this clause (3), no Change of Control shall be deemed to occur by reason of VGIL becoming a Subsidiary of another Parent Holdco, provided that no Person, other than one ore more Permitted Holders, directly or indirectly, Beneficially Own more than 50% of the Voting Stock of such Parent Holdco; or

(4) following an Initial Public Offering, during any 24-month period, a majority of the members of the Board of Directors of VGIL does not consist of Continuing Directors.

"*Change of Control Offer*" has the meaning assigned to that term in the Indenture governing the Notes.

"*Collateral*" means the rights, property and assets securing the Notes and the Note Guarantees as described in the section entitled "—Security" and any rights, property or assets over which a Lien has been granted to secure the Obligations of the Issuer and the Guarantors under the Notes, the Note Guarantees and the Indenture.

"*Consolidated EBITDA*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(1) provision for taxes based on income or profits of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(2) the Fixed Charges of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(3) depreciation, amortisation (including, without limitation, amortisation of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on VGIL and the Restricted Subsidiaries for such period) of VGIL and the Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortisation of a prepaid cash charge or expense that was paid in a prior period) for such period; *plus*

(4) any expenses, charges or other costs related to the issuance of any Capital Stock, any Permitted Investment, acquisition, disposition, recapitalisation, listing or the incurrence of Indebtedness permitted to be incurred under the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" (including refinancing thereof) whether or not successful, including (i) such fees, expenses or charges related to any incurrence of Indebtedness issuance and (ii) any amendment or other modification of any incurrence; *plus*

(5) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary in such period or any prior period,

except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *plus*

(6) the amount of management, consulting, monitoring and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "—Certain Covenants—Transactions with Affiliates"; *plus*

(7) all expenses incurred directly in connection with any early extinguishment of Indebtedness; *minus*

(8) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (13) of the definition of Consolidated Net Income), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with GAAP.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiary), determined in accordance with GAAP and without any reduction in respect of preferred stock dividends; provided that:

(1) the net income (loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph under the caption "—Certain Covenants—Restricted Payments", any net income (loss) of any Restricted Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to VGIL (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement, any Credit Facilities or any Security Document, (c) restrictions permitted under clauses (1), (3), (5) and (9) of the second paragraph of the covenant described under the caption "—Certain Covenants—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries" and (d) any other restrictions with respect to such Restricted Subsidiary that taken as a whole, are not materially less favorable to the Holders of the Notes than such restrictions in effect on the Issue Date or the Escrow Release Date, except that VGIL's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents (or with respect to non-cash distributions to the extent actually converted into cash or Cash Equivalents) actually distributed or that could have been distributed by such Restricted Subsidiary during such period to VGIL or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor), to the limitation contained in this clause);

(3) any net gain (or loss) realised upon the sale or other disposition of any asset or disposed operations of VGIL or any Restricted Subsidiaries (including pursuant to any sale leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by VGIL) will be excluded;

(4) any one time non-cash charges or any amortisation or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of, or merger or consolidation with, another Person or business or resulting from any reorganisation or restructuring involving VGIL or its Subsidiaries will be excluded;

(5) the cumulative effect of a change in accounting principles will be excluded;

(6) (a) any extraordinary, exceptional or unusual gain, loss or charge, (b) any asset impairments charges, or the financial impacts of natural disasters (including fire, flood and storm and related events), (c) any non-cash charges or reserves in respect of any restructuring, redundancy, integration or severance or (d) the impact of the Refinancing and the costs and expenses related thereto (including, without limitation, the fees, issue costs, break costs and hedging costs incurred in connection therewith) (in each case as determined in good faith by VGIL), in each case, will be excluded;

(7) the proceeds of any business interruption insurance actually received during such period will be added to Consolidated Net Income to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income;

(8) any unrealised gains or losses in respect of Hedging Obligations or any ineffectiveness recognised in earnings related to qualifying hedge transactions or the fair value or changes therein recognised in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(9) any non-cash compensation charge or expenses arising from any grant of stock, stock options or other equity-based awards and any non-cash charges in respect of any pension liabilities will be excluded;

(10) any goodwill or other intangible asset impairment charges will be excluded;

(11) all deferred financing costs written off and premium paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness will be excluded;

(12) any over-recoveries and any under-recoveries by each Regulated Entity's regulated entitlement calculated in accordance with the price control formula set out in such Regulated Entity's licence will be excluded and included, respectively; and

(13) the impact of any capitalised interest (including accreting or pay-in-kind interest) on any Subordinated Shareholder Debt will be excluded.

"*Consolidated Net Leverage*" means, with respect to any Person, the sum of the aggregate outstanding Indebtedness (other than letters of credit or any similar guarantee, indemnity or other instrument, entered into in the ordinary course of business and to the extent not drawn upon (or if drawn, so long as reimbursed within five Business Days)) of that Person and its Restricted Subsidiaries and the aggregate liquidation preference of any preferred equity issued by a Restricted Subsidiary less cash and Cash Equivalents, in each case, as of the relevant date of calculation.

"*Consolidated Net Leverage Ratio*" means, as of any date of determination, the ratio of (a) the Consolidated Net Leverage of VGIL on such date to (b) the Consolidated EBITDA of VGIL for the four most recent full fiscal quarters ending immediately prior to such date for which internal financial statements are available. In the event that the specified Person or any of the Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Consolidated Net Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Net Leverage Ratio is made (the "*Calculation Date*"), then the Consolidated Net Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of VGIL) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the *pro forma* calculation of Consolidated Net Leverage shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock".

In addition, for purposes of calculating the Consolidated EBITDA for such period:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries that are Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of the Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

In calculating the Consolidated Net Leverage Ratio or any element thereof for any period, *pro forma* calculations will be made in good faith by a responsible accounting or financial officer of VGIL (including any *pro forma* expenses and cost savings and cost reduction synergies that (i) have occurred or, only with respect to any cost savings or cost reduction synergies that are attributable to an acquisition of another Person, are reasonably expected to occur within the next 12 months following the Calculation Date and (ii) are reasonably identifiable and factually supportable, including, without limitation, as a result of, or that would result from any actions taken by VGIL or any of the Restricted Subsidiaries including, without limitation, in connection with any cost reduction or cost savings plan or programme or in connection with any transaction, investment, acquisition, disposition, restructuring, corporate reorganisation or otherwise, in the good faith judgment of the chief executive officer, chief financial officer or any person performing a similarly senior accounting role of VGIL).

"*Consolidated Senior Secured Leverage*" means, as of any date of determination, the sum of the total amount of Senior Secured Indebtedness (other than letters of credit or any similar guarantee, indemnity or other instrument, entered into in the ordinary course of business and to the extent not drawn upon (or if drawn, so long as reimbursed within five Business Days)) of VGIL and the Restricted Subsidiaries on a consolidated basis.

"*Consolidated Senior Secured Leverage Ratio*" means, as of any date of determination, the ratio of (a) the Consolidated Senior Secured Leverage of VGIL on such date to (b) the Consolidated EBITDA of VGIL for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred. In the event that the specified Person or any of the Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Consolidated Senior Secured Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Senior Secured Leverage Ratio is made (the "*Calculation Date*"), then the Consolidated Senior Secured Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of VGIL) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the *pro forma* calculation of Consolidated Senior Secured Leverage shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock".

In addition, for purposes of calculating the Consolidated EBITDA for such period:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of VGIL) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

In calculating the Consolidated Senior Secured Leverage Ratio or any element thereof for any period, *pro forma* calculations will be made in good faith by a responsible accounting or financial officer of VGIL (including any *pro forma* expenses and cost savings and cost reduction synergies that (i) have occurred or, only with respect to any cost savings or cost reduction synergies that are attributable to an acquisition of another Person, are reasonably expected to occur within the next 12 months following the Calculation Date and (ii) are reasonably identifiable and factually supportable, including, without limitation, as a result of, or that would result from any actions taken by VGIL or any of the Restricted Subsidiaries including, without limitation, in connection with any cost reduction or cost savings plan or programme or in connection with any transaction, investment, acquisition, disposition, restructuring, corporate reorganisation or otherwise, in the good faith judgment of the chief executive officer, chief financial officer or any person performing a similarly senior accounting role of VGIL).

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Continuing Directors*" means, as of any date of determination, any member of the Board of Directors of VGIL who:

(1) was a member of such Board of Directors on the Issue Date or the Escrow Release Date; or

(2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election.

"*Credit Facility*" means, one or more debt facilities, instruments or arrangements incurred (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) or commercial paper facilities or indentures or trust deeds or note purchase agreements, in each case, with banks, other institutions, funds or investors, providing for revolving credit loans, term loans, performance guarantees, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit, bonds, notes debentures or other corporate debt instruments or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks or institutions and whether provided under the Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facilities" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of VGIL as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Exchange Protection Agreement*" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the Fair Market Value of non-cash consideration received by VGIL or any Restricted Subsidiary in connection with an Asset Sale that is so designated as "Designated Non-Cash Consideration" pursuant to an Officer's Certificate, setting forth the basis of such valuation, *less* the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non-Cash Consideration.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, (1) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the six-month anniversary of the date that the Notes mature or (2) provides for, either mandatorily or at the option of the holder of the Capital Stock, the payment of dividends or distributions (other than in the form of Equity Interests that are not Disqualified Stock). Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "—Certain Covenants—Restricted Payments". For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

"*EWP*" means Eco Wind Power Limited

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Investors*" means Arcapita and its Affiliates, any trust, fund, company, partnership or other Person owned, managed, sponsored or advised by Arcapita.

"*Equity Offering*" means a sale of Capital Stock (other than Disqualified Stock) of VGIL or a Parent Holdco of VGIL pursuant to which the net cash proceeds are contributed to VGIL in the form of a subscription for, or a capital contribution in respect of, Capital Stock (other than Disqualified Stock) of VGIL or as Subordinated Shareholder Debt of VGIL.

"*Euro Equivalent*" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer or the Trustee, the amount of euro obtained by translating such other currency involved in such computation into euro at the spot rate for the purchase of euro with the applicable other currency as published in *The Financial Times* (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, a comparable source as may be selected in good faith by the Issuer) on the date of such determination.

"*European Government Securities*" means direct obligations of, or obligations guaranteed by, a member state of the European Union, and the payment for which such member state of the European Union pledges its full faith and credit.

"*Excluded Contributions*" means the net cash proceeds, property or assets received by the Issuer after the Issue Date from:

(1) contributions to its Equity Interests; and

(2) the sale (other than to a Subsidiary of the Issuer) of Capital Stock (other than Disqualified Stock) of the Issuer,

in each case designated as "Excluded Contributions" pursuant to an Officer's Certificate (which shall be designated no later than the date on which such Excluded Contribution has been received by the Issuer), the net cash proceeds of which are excluded from the calculation set forth in the clause (c)(ii) of the first paragraph of the covenant described under the caption "—Certain Covenants—Restricted Payments" hereof.

"*Existing Wind Farm Asset Sale*" means any sale, lease, conveyance or other disposition of an Existing Wind Farm Asset.

"*Existing Wind Farm Assets*" means the following operational wind farms: Drumlough Hill (Baylsham Ltd), Geevagh (Guestvoy Ltd), Arigna (Havasu Ltd), Largan Hill (Largan Hill Windfarm Ltd), Meenadreen (Arrakis Ltd), Drumlough Hill Extension (Windfarm Management Ltd) and Corkermore (Corkermore Windfarm Ltd) with total capacity of approximately 44MW; and the following three in-construction wind farms: Caherdowney (Caher Downey Wind Farm Ltd) (ROI), Crighshane (Crighshane Energy Ltd) (NI) and Church Hill (Church Hill Energy Ltd) (NI) with total capacity of approximately 59MW.

"*Existing Wind Farm Net Proceeds*" means the aggregate cash proceeds received by VGIL or any its Subsidiaries in respect of any Existing Wind Farm Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration or Cash Equivalents substantially concurrently received in any Existing Wind Farm Asset Sale), net of the direct costs relating to such Existing Wind Farm Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Existing Wind Farm Asset Sale, taxes paid or payable as a result of the Existing Wind Farm Asset Sale, and all distributions and other payments required to be made to minority interest holders (other than VGIL or any of its Subsidiaries) in Subsidiaries or joint ventures as a result of such Existing Wind Farm Asset Sale, and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with GAAP, *minus*, the amount of any repayment, repurchase, prepayment or redemption of Indebtedness of the Unrestricted Subsidiary or joint venture that owned such Existing Wind Farm Asset immediately prior to such Existing Wind Farm Asset Sale, provided that such Indebtedness is owed to a Person other than an Affiliate of VGIL or the Equity Investors.

"*Existing Intercreditor Agreement*" means that intercreditor agreement originally dated 24 October 2006, as amended from time to time, among, *inter alios*, Electricinvest Acquisitions Limited, Commerzbank Aktiengesellschaft, Filiale Luxemburg (formerly known as Dresdner Bank AG, Niederlassung Luxemburg), and Commerzbank AG London Branch (formerly known as Dresdner Bank AG London Branch).

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by VGIL's Chief Executive Officer, Chief Financial Officer or responsible accounting or financial officer of VGIL.

"*Fitch*" means Fitch, Inc.

"*Fixed Charge Coverage Ratio*" means, with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of the Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock".

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of the Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of the Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of the Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness).

In calculating the Fixed Charge Coverage Ratio or any element thereof for any period, *pro forma* calculations will be made in good faith by a responsible accounting or financial officer of VGIL (including any *pro forma* expenses and cost savings and cost reduction synergies that (i) have occurred or, only with respect to any cost savings or cost reduction synergies that are attributable to an acquisition of another Person, are reasonably expected to occur within the next 12 months following the Calculation Date and (ii) are reasonably identifiable and factually supportable, including, without limitation, as a result of, or that would result from any actions taken by VGIL or any of the Restricted Subsidiaries including, without limitation, in connection with any cost reduction or cost savings plan or programme or in connection with any transaction, investment, acquisition, disposition, restructuring, corporate reorganisation or otherwise, in the good faith judgment of the chief executive officer, chief financial officer or any person performing a similarly senior accounting role of VGIL).

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortisation of debt discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments), the interest component of deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings; *plus*

(2) the consolidated interest expense (but excluding such interest on Subordinated Shareholder Debt) of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalised during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries; *plus*

(4) net payments and receipts (if any) pursuant to interest rate Hedging Obligations (excluding amortisation of fees) with respect to Indebtedness; *plus*

(5) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to VGIL or a Restricted Subsidiary.

"*GAAP*" means generally accepted accounting principles in the United Kingdom, consistently applied, as in effect as of the Issue Date; *provided* that for purposes of the covenant described under the caption "Reports", as in effect from time to time. At any time after the Issue Date, VGIL may elect to apply IFRS in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS as in effect (except as otherwise provided in the Indenture) on the Issue Date; *provided* that for purposes of the covenant described under the caption "—Certain Covenants—Reports", as in effect from time to time; *provided* that any such election, once made, shall be irrevocable and that upon first reporting its fiscal year results under IFRS it shall restate its financial statements on the basis of IFRS for the fiscal year ending immediately prior to the first fiscal year for which financial statements have been prepared on the basis of IFRS. The Issuer shall give notice of any such election to the Trustee and the holders of the Notes.

"*guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets or otherwise).

"*Guarantors*" means each of the Parent Guarantors and the Subsidiary Guarantors.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, including Currency Exchange Protection Agreements, or commodity prices.

"*ICA Amendment and Restatement Agreement*" means that amendment and restatement agreement to be dated on or prior to the Escrow Release Date, relating to the Existing Intercreditor Agreement.

"*IFRS*" means the International Financial Reporting Standards promulgated by the International Accounting Standards Board or any successor board or agency as endorsed by the European Union.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;

(3) representing reimbursement obligations in respect of letters of credit, bankers' acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed; and

(6) representing any Hedging Obligations (the amount of such Indebtedness to be equal at any time to:

    (a) zero if such Hedging Obligation is in respect of commodities or currency exchange rates related to electricity or natural gas trading functions (and not in respect of the risk management of other Indebtedness), in each case incurred pursuant to clause (8) of the definition of Permitted Debt; or

    (b) for any Hedging Obligation other than as described in subclause (a) above, the mark-to-market value of such Hedging Obligation or, if the mark-to-market value is not available at such time, the close-out amount that would be payable by such specified Person (or if no amount would be payable, zero) pursuant to such Hedging Obligation as a result of early liquidation or termination),

in each case without double counting and if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the notes thereto) of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person.

The term "*Indebtedness*" shall not include:

(1) Subordinated Shareholder Debt;

(2) any lease of property which would be considered an operating lease under GAAP (as in effect on the Issue Date) and any guarantee given by VGIL or a Restricted Subsidiary in the ordinary course of business solely in

connection with, and in respect of, the obligations of VGIL or a Restricted Subsidiary under any operating lease; *provided* that, in the event of a change in GAAP subsequent to the Issue Date, the determination of whether a lease would have been classified as an operating lease under GAAP as in effect on the Issue Date shall be made in the reasonable, good faith judgment of the chief financial officer of VGIL (or any person performing a similarly senior accounting role of VGIL) in a manner consistent with past practice and after application of the principles of GAAP (as in effect on the Issue Date);

(3) any pension obligations;

(4) Contingent Obligations in the ordinary course of business;

(5) in connection with the purchase by VGIL or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; or

(6) for the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions, social security or wage Taxes.

"*Initial Public Offering*" means an Equity Offering of ordinary shares or other common equity interests of VGIL or any Parent Holdco of VGIL or any successor of VGIL or any such Parent Holdco (the "*IPO Entity*") following which there is a Public Market and, as a result of which, the ordinary shares or other common equity interests of the IPO Entity in such offering are listed on an internationally recognised exchange or traded on an internationally recognised market.

"*Intercreditor Agreement*" means the intercreditor agreement to be dated on or about the Escrow Release Date made between, among others, the Security Agent, the agent for the Revolving Credit Facility, the Trustee and the other parties named therein, as amended, restated or otherwise modified or varied from time to time.

"*Investment Grade Status*" shall occur when the Notes are rated Baa3 or better by Moody's and BBB- or better by Fitch (or, if either such entity ceases to rate the Notes, the equivalent investment grade credit rating from any other "nationally recognised statistical rating organisation" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act selected by the Issuer as a replacement agency).

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet (excluding the notes) prepared in accordance with GAAP. If VGIL or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, VGIL will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of VGIL's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments". The acquisition by VGIL or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by VGIL or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments". Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

"*Issue Date*" means 6 March 2012.

"*JFA Amendment and Restatement Agreement*" means that amendment and restatement agreement to be dated on or prior to the Escrow Release Date, relating to the Junior Facility Agreement.

"*Junior Facility Agreement*" means that junior facility agreement originally dated 24 October 2006, as amended from time to time (but not as amended by the JFA Amendment and Restatement Agreement), among, *inter alios*, Electricinvest Holding Company Limited, VGHL, Commerzbank Aktiengesellschaft, Filiale Luxemburg (formerly known as Dresdner Bank AG, Niederlassung Luxemburg), for a principal amount of £500 million.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"*Management Advances*" means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers or employees of VGIL or any Restricted Subsidiary: (1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business; (2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or (3) in the ordinary course of business and (in the case of this clause (3)) not exceeding £2.5 million in the aggregate outstanding at any time.

"*Management Fees*" means customary annual fees for the performance of monitoring services by Arcapita or any of its Affiliates for VGIL or any of the Restricted Subsidiaries; *provided* that such fees will not, in the aggregate, exceed £3.0 million per annum (inclusive of out of pocket expenses).

"*Moody's*" means Moody's Investors Service, Inc.

"*Net Proceeds*" means the aggregate cash proceeds received by VGIL or any of the Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration or Cash Equivalents substantially concurrently received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, and all distributions and other payments required to be made to minority interest holders (other than VGIL or any of its Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Sale, and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with GAAP.

"*Non-Recourse Debt*" means Indebtedness as to which neither VGIL nor any of the Restricted Subsidiaries (1) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (2) is directly or indirectly liable as a guarantor or otherwise, in each case, other than any guarantee and/or Lien in respect of such Indebtedness whereby the liability of VGIL or any Restricted Subsidiary thereunder is limited in recourse to its interest in an Unrestricted Subsidiary (including, without limitation, the shares, loans and other securities of such Unrestricted Subsidiary).

"*Note Guarantee*" means the guarantee by each Guarantor of the Issuer's obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Officer*" means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, any Director, the Treasurer, any Managing Director, or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Parent Guarantors*" means each of VGIL and Viridian Group FundCo I Limited, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Parent Holdco*" means any Person (other than a natural person) which legally and beneficially owns more than 50% of the Voting Stock and/or Capital Stock of another Person, either directly or through one or more Subsidiaries.

"*Participation Loan*" means the funded participation agreements, originally dated 6 May 2011, as amended and restated, between Centennial UK II Limited and Deutsche Bank AG, London Branch (acting through its Global Markets Division).

"*Permitted Business*" means (1) any businesses, services or activities engaged in by VGIL or any of its Subsidiaries on the Issue Date or on the Escrow Release Date and (2) any businesses, services and activities engaged in by VGIL or any of the Restricted Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Permitted Collateral Liens*" means:

(1) Liens on the Collateral to secure the Notes (or the Note Guarantees) or any Additional Notes (or any guarantee of Additional Notes) and any Permitted Refinancing Indebtedness in respect thereof (and Permitted Refinancing Indebtedness in respect of Permitted Refinancing Indebtedness); *provided* that each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; *provided further* that all property and assets (including, without limitation, the Collateral) securing such Additional Notes (or any guarantee of Additional Notes) or Permitted Refinancing Indebtedness secures the Notes or the Note Guarantees on a senior or *pari passu* basis;

(2) Liens on the Collateral to secure (i) Indebtedness under the Revolving Credit Facility that is permitted by clause (1) of the definition of Permitted Debt, (ii) Indebtedness of the Issuer and the Guarantors that is permitted by clause (16) of the definition of Permitted Debt and (iii) Senior Secured Indebtedness of the Issuer and the Guarantors permitted by the first paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" and Permitted Refinancing Indebtedness in respect thereof (and Permitted Refinancing Indebtedness in respect of such Permitted Refinancing Indebtedness); *provided* that, in each case, all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes or the Note Guarantees (which security, in relation to Indebtedness to be incurred pursuant to clause (1) of the definition of Permitted Debt, may rank junior with respect to distributions of proceeds of any enforcement of Collateral); *provided further* that each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) Liens on the Collateral securing VGIL's or any Restricted Subsidiary's obligations under Hedging Obligations permitted by clause (8) of the definition of Permitted Debt to the extent such Hedging Obligations relate to (i) Indebtedness referred to in clauses (1) or (2) above and any Permitted Refinancing Indebtedness in respect thereof (and any Permitted Refinancing Indebtedness in respect of such Permitted Refinancing Indebtedness) and such Indebtedness is also secured by the Collateral, (ii) interest rates or currency exchange rates in the ordinary course of business and (iii) commodity prices in the ordinary course of business; *provided* that the property and assets (including, without limitation, the Collateral) securing such Indebtedness or Hedging Obligations will also secure the Notes or the Notes Guarantees (which security, in relation to (x) up to £70.0 million of proceeds distributions against settlement and other amounts that would fall due from VGIL or any Restricted Subsidiary upon the termination or close-out in full of Hedging Obligations related to subclause (iii) above and (y) proceeds distributions against settlement and other amounts that would fall due from VGIL or any Restricted Subsidiary upon the termination or close-out in full of Hedging Obligations that are related to subclause (ii) above, may rank junior with respect to distributions of proceeds of any enforcement of Collateral); *provided further* that each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) Liens on the Collateral that are fixed charges incurred to secure Indebtedness permitted by clause (5) of the definition of Permitted Debt covering only the assets acquired with or financed by such Indebtedness; and

(5) Liens on the Collateral arising by operation of law that are described in one or more of clauses (2), (3), (6), (7), (8), (9), (12), (13), (14), (15), (16), (17), (18), (19), (20), (21), (22), (23), (24), (25), (26) and (27) of the definition of "Permitted Liens" and that, in each case, would not materially interfere with the ability of the Security Agent to enforce any Lien over the Collateral.

For purposes of determining compliance with this definition, in the event that a Lien meets the criteria of more than one of the categories of Permitted Collateral Liens described in clauses (1) through (5) above, VGIL will be permitted to classify such Lien on the date of its incurrence and reclassify such Lien, in case at any time and in any manner that complies with this covenant; *provided* that no such reclassification shall be permitted with respect to a Lien that ranks senior to the Notes with respect to distributions of proceeds of any enforcement of Collateral.

"*Permitted Holders*" means the Equity Investors and Related Parties. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investments*" means:

(1) any Investment in VGIL or in a Restricted Subsidiary;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by VGIL or any Restricted Subsidiary in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, VGIL or a Restricted Subsidiary;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "—Repurchase at the Option of Holders—Asset Sales";

(5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of VGIL or Subordinated Shareholder Debt;

(6) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of VGIL or any of the Restricted Subsidiaries, including pursuant to any plan of reorganisation or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes;

(7) Investments in receivables owing to VGIL or any Restricted Subsidiary created or acquired in the ordinary course of business;

(8) Investments represented by Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(9) Investments in the Notes and any other Indebtedness of VGIL or any Restricted Subsidiary;

(10) any guarantee of Indebtedness permitted to be incurred by the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(11) Investments in joint ventures or Unrestricted Subsidiaries engaged in renewable energy business or other Permitted Business having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (11) that are at the time outstanding, not to exceed:

(a) £40.0 million in the case of entities engaged in renewable energy business; and

(b) £5.0 million in the case of other Permitted Businesses;

(12) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date or the Escrow Release Date by VGIL or any of the Restricted Subsidiaries and any Investment consisting of an extension, modification or renewal of any such Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date or the Escrow Release Date; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or the Escrow Release Date, as applicable, or (b) as otherwise permitted under the Indenture;

(13) Investments acquired after the Issue Date as a result of the acquisition by VGIL or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into VGIL or any of the Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets" after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(14) Management Advances;

(15) any Investment to the extent made using as consideration Capital Stock of VGIL (other than Disqualified Stock), Subordinated Shareholder Debt or Capital Stock of any Parent Holdco of the Issuer);

(16) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (16) that are at the time outstanding not to exceed £5.0 million; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under the caption "—Certain Covenants—Restricted Payments", such

Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of "Permitted Investments" and not this clause;

(17) any Investment in a direct or indirect Parent Holdco of the Issuer in connection with the partial repayment of the Participation Loan as described in this Offering Memorandum; and

(18) any Investment constituting (i) consideration received, (ii) Capital Stock in EWP (or any successor entity) retained or (iii) an acquisition of Renewable Assets with a Fair Market Value not to exceed £15.0 million through an Unrestricted Subsidiary (provided the consideration is financed through Subordinated Shareholder Debt), in the case of (i), (ii) and (iii), by VGIL or any Restricted Subsidiary pursuant to the Renewable Assets Reorganisation.

"*Permitted Liens*" means:

(1) Liens in favor of VGIL or any Restricted Subsidiary;

(2) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with VGIL or any Restricted Subsidiary; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary or such merger or consolidation, were not incurred in contemplation thereof and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary or is merged with or into or consolidated with VGIL or any Restricted Subsidiary;

(3) Liens to secure the performance of statutory obligations, trade contracts, insurance, surety or appeal bonds, workers compensation obligations, pension obligations, unemployment insurance, social security insurance, leases (including, without limitation, statutory and common law landlord's liens), performance bonds, surety and appeal bonds or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);

(4) Liens to secure Indebtedness permitted by clause (5) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" covering only the assets acquired with or financed by such Indebtedness;

(5) Liens securing Indebtedness under Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(6) Liens existing on (i) the Issue Date or (ii) the Escrow Release Date that was created in connection with the Refinancing;

(7) Liens for taxes, assessments or governmental charges or claims that (a) are not yet due and payable or (b) are being contested in good faith by appropriate proceedings and with respect to which the Issuer or applicable Restricted Subsidiary shall have set aside on its books adequate reserves in accordance with GAAP;

(8) Liens imposed by law, such as carriers', warehousemen's, landlord's and mechanics' Liens, in each case, incurred in the ordinary course of business;

(9) survey exceptions, easements or reservations of, or rights of others for, licences, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(10) Liens created for the benefit of (or to secure) the Notes (or the Note Guarantees), including any Additional Notes;

(11) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the Indenture; *provided*, *however*, that:

(a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(12) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(13) filing of Uniform Commercial Code financing statements under U.S. state law (or similar filings under other applicable laws) in connection with operating leases in the ordinary course of business;

(14) bankers' Liens, rights of setoff or similar rights and remedies as to deposit accounts, Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(15) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(16) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(17) leases (including operating leases), licences, subleases and sublicences of assets in the ordinary course of business;

(18) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(19) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which VGIL or any Restricted Subsidiary has easement rights or on any real property leased by VGIL or any Restricted Subsidiary and subordination or similar agreements relating thereto and (b) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(22) Liens (including put and call arrangements) on Capital Stock, advances or loans (including guarantees or other obligations) or other securities of any Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(23) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of VGIL or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which the pledge exists;

(24) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by VGIL or a Restricted Subsidiary on condition that the cash paid into such escrow account in relation to a disposal does not represent more than 15% of the net proceeds of such disposal;

(25) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(26) Liens on any proceeds loan made by VGIL or any Restricted Subsidiary in connection with any future incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness;

(27) Liens created on any asset of VGIL or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of VGIL or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;

(28) Liens on escrowed proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(29) Liens on the Escrow Account created for the benefit of or to secure, directly or indirectly, the Notes;

(30) Liens incurred in connection with cash management programmes established in the ordinary course of business;

(31) Liens on assets or property of a Restricted Subsidiary (other than a Guarantor) securing Indebtedness of such Restricted Subsidiary or another Restricted Subsidiary (other than a Guarantor); and

(32) Liens incurred in the ordinary course of business of VGIL or any Restricted Subsidiary securing Indebtedness of VGIL and the Restricted Subsidiaries that does not exceed £10.0 million at any one time outstanding.

"*Permitted Parent Payments*" means, without duplication as to amounts, payments to any Parent Holdco of VGIL to permit such entity to pay:

(1) customary indemnification obligations of any such Parent Holdco owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to VGIL and its Subsidiaries;

(2) obligations of any such Parent Holdco in respect of directors' fees, remuneration and expenses (including director and officer insurance (including premiums therefore)) to the extent relating to VGIL and its Subsidiaries;

(3) professional fees and expenses of any such Parent Holdco related to the ownership of the Capital Stock of VGIL and, indirectly through VGIL, its Subsidiaries (including, without limitation, accounting, legal, audit corporate reporting, and administrative expenses and other reasonable and normal course expenses required to maintain such Parent Holdco's corporate existence or its holding of the Capital Stock of VGIL) not to exceed £500,000 in any 12-month period;

(4) expenses incurred by any such Parent Holdco in connection with any public offering or other sale of Capital Stock or Indebtedness, (i) where the net proceeds of such offering or sale are intended to be received by or contributed to VGIL or a Subsidiary of VGIL; or (ii) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed;

(5) Obligations with respect to Indebtedness of such Parent Holdco to be repaid in connection with the Refinancing (as described under the section "Use of Proceeds" of this Offering Memorandum); and

(6) (i) repayment, cancellation, offset or other retirement of Indebtedness and/or Subordinated Shareholder Debt with any Existing Wind Farm Net Proceeds received by VGIL or any of its Subsidiaries as permitted by clause (1) of the covenant described under the heading "—Certain Covenants—Existing Wind Farm and Renewable Assets" or (ii) cancellation or offset of Subordinated Shareholder Debt of VGIL for the consideration received by VGIL or any Restricted Subsidiary in connection with the Renewable Assets Reorganisation.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of VGIL or any of the Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of VGIL or any of the Restricted Subsidiaries (other than intercompany Indebtedness (other than any proceeds loan)); provided that:

(1) the aggregate principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that

is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is expressly, contractually subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, on terms at least as favorable to the holders of Notes or the Note Guarantees, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and

(4) if the Issuer or any Guarantor was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is incurred either by the Issuer or a Guarantor.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government or other entity.

"*Pre-Expansion European Union*" means the European Union as of 1 January 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after 1 January 2004.

"*Pro Forma Consolidated EBITDA*" means, with respect to any specified Person for any period, the Consolidated EBITDA of such Person and its Subsidiaries that are Restricted Subsidiaries (after excluding the Consolidated EBITDA of all Regulated Entities) calculated on a consolidated basis, giving *pro forma* effect to any acquisitions (including through mergers or consolidations) and dispositions that have occurred during such period or subsequent to such period.

"*Pro Forma Consolidated Total Assets*" means, with respect to any specified Person as of any date, the total assets of such Person and its Subsidiaries that are Restricted Subsidiaries (after excluding the total assets held by all Regulated Entities) calculated on a consolidated basis in accordance with GAAP, excluding all intra-group items and investments in any Subsidiaries of such Person of or by such Person or any of its Subsidiaries that are Restricted Subsidiaries, giving *pro forma* effect to any acquisitions (including through mergers or consolidations) and dispositions that have occurred subsequent to such period.

"*Public Equity Offering*" means, with respect to any Person, a bona fide underwritten public offering of the ordinary shares or common equity of such Person, either:

(1) pursuant to a flotation on the main market of the London Stock Exchange or the main market of any other nationally recognised regulated stock exchange or listing authority in a member state of the Pre-Expansion European Union; or

(2) pursuant to an effective registration statement under the U.S. Securities Act (other than a registration statement on Form S-8 or otherwise relating to Equity Interests issued or issuable under any employee benefit plan).

"*Public Market*" means any time after:

(1) a Public Equity Offering has been consummated; and

(2) at least 20% of the total issued and outstanding ordinary shares or common equity of the Issuer (or a Parent Holdco of the Issuer) has been distributed to investors other than the Equity Investors or any other direct or indirect shareholders of VGIL as of the Escrow Release Date.

"*Refinancing*" has the meaning given to such term in this Offering Memorandum.

"*Regulated Entity*" means Power NI Energy Limited and any successor thereto or any other Restricted Subsidiary that is or becomes a supplier of electricity regulated by the North Ireland Authority for Utility Regulation or the Department for Enterprise Trade and Investment.

"*Related Party*" means:

(1) any controlling stockholder, partner or member, or any 50% (or more) owned Subsidiary, or immediate family member (in the case of an individual), of any Equity Investor; and

(2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding a majority or a controlling interest of which consist of any one or more Equity Investors and/or such other Persons referred to in the immediately preceding clause.

"*Renewable Asset*" means any asset owned or held by an Unrestricted Subsidiary that is used or useful in the renewable energy business or Permitted Business other than an Existing Wind Farm Asset.

"*Renewable Assets Reorganisation*" means (i) the disposal, in whole or in part, of the Existing Wind Farm Assets and certain other Renewable Assets by VGIL and its Restricted Subsidiaries to an Affiliate of Arcapita on or prior to the Escrow Release Date as described under "Business—Viridian's Business Units—VP&E—Renewables (Owned Assets)"; (ii) any subsequent acquisition of any of such in-development Renewable Assets through an Unrestricted Subsidiary of VGIL or any of its Restricted Subsidiaries and (iii) the disposal after the Escrow Release Date of some or all of the Capital Stock of EWP by VGIL or any Restricted Subsidiary as described under "Business—Viridian's Business Units—VP&E—Renewables (Owned Assets)".

"*Renewable Asset Sale*" means any sale, lease, conveyance or other disposition of a Renewable Asset.

"*Renewable Assets Sale Proceeds*" means the aggregate cash proceeds received by VGIL or any its Subsidiaries in respect of any Renewable Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration or Cash Equivalents substantially concurrently received in any Renewable Asset Sale), net of the direct costs relating to such Renewable Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Renewable Asset Sale, taxes paid or payable as a result of the Renewable Asset Sale, and all distributions and other payments required to be made to minority interest holders (other than VGIL or any of its Subsidiaries) in Subsidiaries or joint venture partners as a result of such Renewable Asset Sale, and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with GAAP, *minus*, the amount of any repayment, repurchase, prepayment or redemption of Indebtedness of the Unrestricted Subsidiary or joint venture that owned such Renewable Asset immediately prior to such Renewable Asset Sale and that was secured by a lien on such Renewable Asset, provided that such Indebtedness is owed to a Person other than an Affiliate of VGIL or the Equity Investors.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of VGIL that is not an Unrestricted Subsidiary.

"*Revolving Credit Facility*" means that certain senior revolving credit facility agreement, to be dated on or about the date of this Offering Memorandum, between Viridian Group Limited and Viridian Power and Energy Holdings Limited, as borrowers, the Issuer as a guarantor, the senior lenders named therein, The Bank of New York Mellon, as security agent, and Deutsche Bank AG, London Branch as agent, including any related letters of credit, notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and, in each case, as amended, restated, modified, renewed, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"*SEC*" means the United States Securities and Exchange Commission.

"*Security Agent*" means The Bank of New York Mellon, as security agent pursuant to the Intercreditor Agreement, or any successor or replacement security agent acting in such capacity.

"*Security Documents*" means any instrument and document providing for a Lien on the Collateral to secure obligations under the Indenture, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which the Collateral is pledged, assigned or granted to or on behalf of the Security Agent for the benefit of the holders of the Notes and the Trustee or notice of such pledge, assignment or grant is given.

"*Senior Secured Indebtedness*" means, as of any date of determination, the principal amount of any Indebtedness that is secured by a Lien and the principal amount of Indebtedness of a Restricted Subsidiary that is not a Guarantor.

"*Significant Subsidiary*" means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries that are Restricted Subsidiaries (1) for the most recent fiscal year, accounted for more than 10% of the Consolidated EBITDA of VGIL or (2) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of VGIL.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date or the Escrow Release Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Shareholder Debt*" means, collectively, any debt provided to VGIL by any direct or indirect Parent Holdco of VGIL or any Permitted Holder, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Debt; provided that such Subordinated Shareholder Debt:

(1) does not (including upon the happening of any event) mature or require any amortisation or other payment of principal prior to the first anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of VGIL (other than Disqualified Stock) or for any other security or instrument meeting the requirements of the definition);

(2) does not (including upon the happening of any event) require the payment of cash interest prior to the first anniversary of the maturity of the Notes;

(3) does not (including upon the happening of any event) provide for the acceleration of its maturity nor confers on its shareholders any right (including upon the happening of any event) to declare a default or event of default or take any enforcement action, in each case, prior to the first anniversary of the maturity of the Notes;

(4) is not secured by a Lien on any assets of VGIL or a Restricted Subsidiary and is not guaranteed by any Subsidiary of VGIL;

(5) is subordinated in right of payment to the prior payment in full in cash of the Notes in the event of any default, bankruptcy, reorganisation, liquidation, winding up or other disposition of assets of the Issuer at least to the same extent as the Subordinated Liabilities (as defined in the Intercreditor Agreement) are subordinated to the Notes under the Intercreditor Agreement;

(6) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or compliance by the Issuer with its obligations under the Notes and the Indenture;

(7) does not (including upon the happening of an event) constitute Voting Stock; and

(8) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the date on which the Notes mature other than into or for Capital Stock (other than Disqualified Stock) of VGIL,

provided, *however*, that any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Debt, such Indebtedness shall constitute an incurrence of such Indebtedness by VGIL, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such Indebtedness since the date of the original issuance of such Subordinated Shareholder Debt shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Debt.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Subsidiary Guarantors*" means each of Viridian Group FundCo III Limited, ElectricInvest (Cayman) Limited, EI Ventures Limited, Power and Energy Holdings (RoI) Limited, Viridian Group Limited, Viridian Power and Energy Limited, ElectricInvest (Lux) ROI S.à. r.l., Huntstown Power Company Limited, Viridian Power and Energy Holdings Limited, Viridian Power Limited, Viridian Energy Limited and Viridian Energy Supply Limited and any other Subsidiary of the Issuer that executes a Note Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Tax*" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any such Tax imposed by way of withholding or deduction). "*Taxes*" and "*Taxation*" shall be construed to have corresponding meanings.

"*Total Assets*" means, with respect to any specified Person as of any date, the total assets of such Person, calculated on a consolidated basis in accordance with GAAP, excluding all intra-group items and investments in any Subsidiaries of such Person of or by such Person or any of its Subsidiaries that are Restricted Subsidiaries.

"*Treasury Rate*" means, as of any redemption date, the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (or, if such statistical release is no longer published, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to 1 April 2015; *provided*, *however*, that if the period from the redemption date to 1 April 2015, is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the redemption date to the 1 April 2015 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"*U.S. Government Securities*" means securities that are (a) direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America, for the timely payment of which its full faith and credit is pledged or (b) obligations (or certificates representing an ownership interest in such obligations) of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, rated at least "A-1" by S&P or "P-1" by Moody's, and which are not callable or redeemable at the option of the issuer thereof.

"*Unrestricted Subsidiary*" means EWP, Viridian Resources Limited, any Person acquiring the Renewable Assets of EWP pursuant to the Renewable Assets Reorganisation, any Parent Holdco of EWP, Viridian Resources Limited and/or such Person, in each case, that is also a Subsidiary of Viridian Power and Energy Holdings Limited, and their respective Subsidiaries on the Issue Date and any Subsidiary of VGIL that is designated by the Board of Directors of VGIL as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by the covenant described above under the caption "—Certain Covenants—Transactions with Affiliates", is not party to any agreement, contract, arrangement or understanding with VGIL or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to VGIL or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of VGIL; and

(3) is a Person with respect to which neither VGIL nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results.

"*VGIL*" means Viridian Group Investments Limited.

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of

the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amounts of such Indebtedness.

"*Wholly Owned Restricted Subsidiary*" means a Restricted Subsidiary, all the Capital Stock of which (other than directors' qualifying shares or shares required by applicable law or regulation to be held by a Person other than VGIL or a Restricted Subsidiary) is owned by VGIL or one or more other Wholly Owned Restricted Subsidiaries.

BOOK-ENTRY; DELIVERY AND FORM

General

Notes sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will be represented by the Rule 144A Global Notes. The Euro Rule 144A Global Notes will be deposited, on the closing date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream. The Dollar Rule 144A Global Notes will be deposited, on the issue date, with the custodian for DTC and registered in the name of Cede & Co. as nominee of DTC.

Notes sold to non-U.S. persons (as defined under Regulation S) outside the United States in reliance on Regulation S under the U.S. Securities Act will be represented by the Regulation S Global Notes. The Euro Regulation S Global Notes will be deposited, on the closing date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream. The Dollar Regulation S Global Notes will be deposited, on the issue date, with a custodian for DTC and registered in the name Cede & Co. as nominee of DTC.

Ownership of interests in the Rule 144A Global Notes (the "Rule 144A Book-Entry Interests") and in the Regulation S Global Notes (the "Regulation S Book-Entry Interests" and, together with the Rule 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with DTC, Euroclear and/or Clearstream or persons that hold interests through such participants. DTC, Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be held in definitive certificated form.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by DTC, Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, DTC, Euroclear and/or Clearstream, as applicable (or their respective nominees), will be considered the sole holders of Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of DTC, Euroclear and/or Clearstream, and indirect participants must rely on the procedures of DTC, Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture.

Neither the Issuer, nor the Guarantors nor the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

For the purpose of Luxembourg law, ownership of the Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, DTC, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by DTC, Euroclear and/or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under the existing practices of DTC, Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, DTC, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate, provided, however, that no Book-Entry Interest of less than €100,000 or $200,000 principal amount, as applicable, may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, and interest) to the common depositary or its nominee for Euroclear and Clearstream (in the case of the Euro Global Notes) and to DTC or its nominee (in the case of the Dollar Global Notes), which will distribute such payments to participants in accordance with their customary procedures. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Notes (*e.g.*, DTC, Euroclear or Clearstream (or their respective nominees)) as the owner thereof, for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, nor the Guarantors, the Trustee nor any of its or their respective agents has or will have any responsibility or liability for:

- any aspect of the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or

- DTC, Euroclear, Clearstream or any participant or indirect participant.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Euro Global Notes, will be paid to holders of interest in such Notes (the "Euroclear/Clearstream Holders") through Euroclear and/or Clearstream in Euro. The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Dollar Global Notes will be paid to holders of interest in such Notes (the "DTC Holders") through DTC in U.S. Dollars.

Notwithstanding the payment provisions described above, Euroclear/Clearstream Holders may elect to receive payments in respect of the Euro Global Notes in U.S. Dollars. If so elected, a Euroclear/Clearstream Holder may receive payments of amounts payable in respect of its interest in the Euro Global Notes in U.S. Dollars in accordance with Euroclear or Clearstream's customary procedures, which include, among other things, giving to Euroclear or Clearstream, as appropriate, a notice of such holder's election. All costs of conversion resulting from any such election will be borne by such holder.

If so elected, a DTC Holder may receive payment of amounts payable in respect of its interest in the Dollar Global Notes in Euro in accordance with DTC's customary procedures, which include, among other things, giving to DTC a notice of such holder's election to receive payments in Euro. All costs of conversion resulting from any such election will be borne by such holder.

Action by Owners of Book-Entry Interests

DTC, Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. DTC, Euroclear and Clearstream will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, DTC, Euroclear and Clearstream reserve the right to exchange the Global Notes for definitive registered Notes in certificated form ("Definitive Registered Notes") and to distribute Definitive Registered Notes to their participants.

Transfers

Transfers between participants in DTC, Euroclear and Clearstream will be effected in accordance with DTC, Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of securities or to pledge such securities, such holder must transfer its interests in the Global Notes in accordance with the normal procedures of DTC, Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Rule 144A Global Note will have a legend to the effect set forth under "Notice to Investors". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Notice to Investors".

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Notice to Investors" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

- if DTC, Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

- if the owner of a Book-Entry Interest requests such an exchange in writing, delivered through DTC, Euroclear or Clearstream following an event of default under the Indenture.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such note by surrendering it to the Registrar or a transfer agent. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; provided that no Definitive Registered Note in a denomination less than €100,000 or $200,000, as applicable, will be issued. The Issuer will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

The Issuer will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. Also, the Issuer is not required to register the transfer or exchange of any Notes selected for redemption or which the holder has tendered (and not withdrawn) for repurchase in connection with a change of control offer or asset sale offer. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. The Issuer may require a holder to pay any transfer taxes and fees required by law and permitted by the Indenture .

If Definitive Registered Notes are issued and a holder thereof claims that such a Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the Registrar or at the office of a transfer agent, the Issuer will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgement of both to protect themselves, the Trustee or the paying agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for any expenses incurred by the Issuer in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "Notice to Investors".

So long as the Notes are admitted for trading on the Euro MTF and listed on the Official List of the Luxembourg Stock Exchange and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any issuance of Definitive Registered Notes in a daily newspaper having general circulation in Luxembourg (which is currently expected to be the *Luxemburger Wort*). Payment of principal and any repurchase price, premium and interest on Definitive Registered Notes will be payable at the office of the paying agent in Luxembourg so long as the Notes are admitted for trading on the Euro MTF and listed on the Official List of and the rules and regulations of the Luxembourg Stock Exchange so require.

Information Concerning DTC, Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of DTC, Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer, nor the Guarantors nor the Initial Purchasers are responsible for those operations or procedures.

The Issuer understands as follows with respect to DTC. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (that DTC's direct participants deposit with DTC). DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants' accounts. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

The Issuer understands as follows with respect to Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organisations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Because DTC, Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the DTC, Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the DTC, Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through DTC, Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be admitted for trading on the Euro MTF and listed on the Official List of the Luxembourg Stock Exchange. Transfers of interests in the Global Notes between participants in DTC, Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Although DTC, Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. Neither the Issuer, any Guarantor, the Trustee nor the paying agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through DTC, Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-

Entry Interests will be credited to the securities custody accounts of DTC, Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of DTC, Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TAX CONSIDERATIONS

Certain European Tax Considerations

European Union Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "Tax Directive"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) made by a person within its jurisdiction to an individual or certain other types of entities resident or established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments, deducting tax at a rate of 35% as of 1 July 2011 (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland and certain dependent or associated territories of certain Member States have adopted or agreed to adopt similar measures (a withholding system in the case of Switzerland). In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories. A consultation process is currently underway within the EU in relation to the scope of the Tax Directive and, in particular, whether the Tax Directive should also extend to payments channelled through intermediate entities and/or to payments considered to be of an interest-like nature. If any of the proposed changes are made in relation to the Tax Directive, they may amend or broaden the scope of the requirements above.

Certain RoI Tax Considerations

The following is a summary based on the laws and practices currently in force in the RoI of certain matters regarding the tax position of investors who are the absolute beneficial owners of the Notes and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding the Notes including dealers in securities and trusts. The summary does not constitute tax or legal advice and the comments below are of a general nature only and does not discuss all aspects of taxation in the RoI that may be relevant to any particular holder of the Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Withholding Tax

Tax at the standard rate of income tax (currently 20%), is required to be withheld from payments of interest having a source in the RoI. The Issuer will not be obliged to withhold RoI tax from payments of interest on the Notes so long as such payments do not constitute income having a source in the RoI. Interest and premium paid on the Notes may be treated as having a source in the RoI if:

(a) the Issuer is resident in the RoI for tax purposes; or

(b) the Issuer is not resident in the RoI for tax purposes but the register for the Notes is maintained in the RoI or if the Notes are in bearer form the Notes are physically held in the RoI; or

(c) the assets relating to the Notes are attributed to an Irish branch or agency of the Issuer.

It is anticipated that (i) the Issuer is not and will not be resident in the RoI for tax purposes; (ii) the Issuer will not have a branch or permanent establishment in the RoI; (iii) that bearer Notes will not be physically located in the RoI; and (iv) the Issuer will not maintain a register of any registered Notes in the RoI.

Payments by a Guarantor Tax Resident in the RoI

If a Guarantor tax resident in the RoI makes any payments in respect of interest on the Notes, such payments could be subject to RoI withholding tax at the standard rate (currently 20%), subject to such relief as may be available under the provisions of any applicable convention that may be entered into between two countries for the purpose of avoiding double taxation of income and/or capital or any other exemption from withholding tax which may apply. It is not certain that such payments by a RoI tax resident Guarantor would be eligible for such reliefs or exemptions.

Taxation of Receipts

Notwithstanding that a holder of the Notes may receive payments of interest, premium or discount on the Notes free of RoI withholding tax, the holder of the Notes may still be liable to pay a RoI income or corporation tax (and, in the case of individuals, the universal social charge) on such interest if: (i) such interest has a source in the RoI; (ii) the holder of the Notes is resident or (in the case of a person other than a body corporate) ordinarily resident in the RoI for tax purposes (in which case there could also be liabilities to social insurance (PRSI) and Universal Social Charge (USC) for an individual in receipt of interest on the Notes); or (iii) the Notes are attributed to a branch or agency in the RoI. The RoI operates a self-assessment system in respect of income and corporation tax, and each person must assess its own liability to RoI tax.

Relief from RoI income tax may also be available under the specific provisions of a double taxation treaty between the RoI and the country of residence of the recipient.

Encashment Tax

In certain circumstances, RoI tax will be required to be withheld at the standard rate of income tax (currently 20%) from interest on any interest paid on Notes issued by a company not resident in the RoI, where such interest is collected or realised by a bank or encashment agent in the RoI on behalf of any holder of the Notes who is a resident in the RoI.

Encashment tax does not apply where the holder of the Notes is not resident in the RoI and has made a declaration in the prescribed form to the encashment agent or bank.

Capital Gains Tax

A holder of the Notes will be subject to RoI tax on capital gains on a disposal of the Notes unless such holder is neither resident nor ordinarily resident in the RoI and does not carry on a trade or business in the RoI through a permanent establishment, branch or agency in respect of which the Notes are or were held.

Capital Acquisitions Tax

A gift or inheritance comprising the Notes will be within the charge to capital acquisitions tax (which subject to available exemptions and reliefs is currently levied at 30%) if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in the RoI or (ii) if the Notes are regarded as property situate in the RoI. A foreign domiciled individual will not be regarded as being resident or ordinarily resident in the RoI at the date of the gift or inheritance unless that individual (i) has been resident in the RoI for the five consecutive tax years preceding that date, and (ii) is either resident or ordinarily resident in the RoI on that date.

Bearer notes are generally regarded as situated where they are physically located at any particular time. Notes in registered form are property situate in the RoI if the register is in the RoI. The Notes may, however, be regarded as situated in the RoI regardless of their physical location if they secure a debt due by a debtor resident in the RoI and/or are secured over property in the RoI. Accordingly, if such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the disponer or the donee/successor.

Stamp Duty

As the Issuer is not registered in the RoI, stamp duty will not arise on a document effecting a transfer of the Notes so long as the instrument of transfer of the Notes does not relate to:

(a) any immoveable property in the RoI; or

(b) stocks or marketable securities of a company registered in the RoI.

Certain United Kingdom Tax Considerations

The following is a general description of certain UK tax considerations relating to the Notes. It does not purport to be a complete analysis of all UK tax considerations relating to the Notes, and does not necessarily apply where income arising from the Notes is deemed for tax purposes to be the income of any other person other than the holder of the Note. It relates only to persons who are the absolute beneficial owners of Notes and may not apply to certain classes of persons (such as persons connected with the Issuer, dealers in securities, brokers, or certain professional investors). References to legislation in this section are (unless otherwise stated) to legislation enacted in the UK.

This summary is based on UK tax law and HM Revenue & Customs practice as in effect on the date of this Offering Memorandum and is subject to any change in such law or practice that may take effect after such date (possibly with retrospective effect).

Prospective purchasers of Notes who have any doubt whatsoever as to their tax position should consult an appropriate professional adviser.

UK Withholding Tax

Payments of interest on the Notes may be made without withholding or deduction for or on account of UK income tax so long as the Notes are and remain listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The Luxembourg Stock Exchange is a recognised stock exchange for these purposes. If the Notes are and remain admitted for trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange, the requirement to be listed on a recognised stock exchange will be met.

In the event that the Notes cease to be listed on a "recognised stock exchange" for the purposes of section 1005 Income Tax Act 2007, it is possible that payments of interest on the Notes may have a UK source, and in such circumstances, such interest will generally be paid by the Issuer under deduction of UK income tax at the basic rate (currently 20%) unless: (i) another relief or exemption applies; or (ii) the Issuer has received a direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

If interest is paid under deduction of UK income tax, holders of Notes who are not resident in the UK may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

Any premium payable on redemption may be treated as a payment of interest for UK tax purposes and may, accordingly, be subject to the withholding tax treatment described above.

Interest on the Notes may be subject to UK income tax or corporation tax by direct assessment. Where interest is paid free of any withholding or deduction, the interest will not be assessed to UK income or corporation tax in the hands of a holder of Notes who is not resident for tax purposes in the UK, except where the holder of Notes carries on a trade, profession or vocation through a UK branch or agency or carries on a trade through a UK permanent establishment in connection with which interest under the Notes is received or to which the Notes are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the UK branch or agency, or permanent establishment.

The above description of the UK withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

Payments by a Guarantor

If a Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for such Notes), such payments may be subject to withholding at the basic rate (currently 20%) unless: (i) a relief or exemption applies; or (ii) the Guarantor has received a direction to the contrary from HM Revenue & Customs in respect of such relief as may be available under the provisions of any applicable double taxation treaty.

Provision of Information

In certain circumstances, HM Revenue & Customs has the power to obtain information (including the name and address of the beneficial owner of interest) from any person in the UK paying interest to, or receiving interest on behalf of another person who is an individual. In relation to the payment or receipt of interest, these provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of UK income tax and whether or not the holder of Notes is resident in the UK for UK tax purposes. Where the holder of Notes is not so resident, the details provided to HM Revenue & Customs may, in certain cases, be disclosed to the tax authorities of the jurisdiction in which the holder of Notes is resident for tax purposes. For the above purposes, "interest" should be taken, for practical purposes, as including payments made by a Guarantor in respect of interest on the Notes.

Sale, Exchange and Redemption of Notes

UK corporation taxpayers

In general, a holder of Notes that is subject to UK corporation tax will be subject to tax as income for UK corporation tax purposes on all profits (including interest), gains or losses in respect of the Notes and fluctuations in the value of the Notes (whether attributable to currency fluctuations or otherwise) under the "loan relationship" rules in Part 5 of the Corporation Tax Act 2009 on a basis broadly reflecting the treatment in its statutory accounts, calculated in accordance with generally accepted accounting practice. These profits, gains or losses will be taken into account in computing income for UK corporation tax purposes.

Other UK Taxpayers

Accrued income profit scheme

On a disposal of Notes by a holder, any interest which has accrued since the last interest payment date may be chargeable to UK tax as income under the rules of the accrued income profits scheme as set out in Part 12 of the Income Tax Act 2007, if that holder is resident or ordinarily resident in the UK or carries on a trade in the UK through a branch or agency to which the Notes are attributable.

Taxation of chargeable gains

A disposal of a Note by a holder resident or ordinarily resident for tax purposes in the UK or who carries on a trade, profession or vocation in the UK through a branch or agency to which interest under the Notes is received or to which the Note is attributable may give rise to a chargeable gain or allowable loss for UK taxation of chargeable gains purposes.

Holders Not Resident in the UK

A holder of Notes not resident in the UK and not carrying on a trade in the UK through a permanent establishment, branch or agency, will not be liable for UK tax on profits or gains in respect of sale, exchange or redemption of the Notes.

Stamp Duty and Stamp Duty Reserve Tax

No UK stamp duty or stamp duty reserve tax will be payable on the issue of the Notes or on a transfer of the Notes.

Certain U.S. Federal Income Tax Considerations

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

* * * * *

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Notes at the issue price (*i.e.*, the first price at which a substantial amount of the Notes is sold for money to persons other than bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers) that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers or traders in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions, conversion transactions or other integrated transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax advisers concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Notes by the partnership.

The summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

Interest on a Note will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for U.S. federal income tax purposes. Interest paid on the Notes and original issue discount ("OID"), if any, accrued with respect to the Notes (as described below under "Original Issue Discount") will constitute income from sources outside the United States. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Euro Denominated Interest

The amount of income recognised by a cash basis U.S. Holder with respect to an interest payment denominated in euros will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in Euros in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the Internal Revenue Service (the "IRS").

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in Euros, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Original Issue Discount

General

The Notes may be issued with more than a *de minimis* amount of OID for U.S. federal income tax purposes. In such event, a U.S. Holder must include a portion of the OID in gross income as interest in each taxable year or portion thereof in which the U.S. Holder holds the Notes even if the U.S. Holder has not received a cash payment in respect of the OID.

The amount of a Note's OID is the excess of the Note's principal amount over its issue price. Generally, the issue price of a Note will be the first price at which a substantial amount of the Notes is sold for money to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers.

U.S. Holders of Notes must include OID in income calculated under a constant-yield method before the receipt of cash attributable to the OID, and generally will have to include in income increasingly greater amounts of OID over the life of the Notes. The amount of OID includible in income by a U.S. Holder of a Note is the sum of the daily portions of OID with respect to the Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Note ("accrued OID"). The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year; and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Note's adjusted issue price at the beginning of the accrual period and the Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of interest on the Note allocable to the accrual period. The "adjusted issue price" of a Note at the beginning of any accrual period is the issue price of the Note increased by the amount of accrued OID for each prior accrual period. A Euro Note's OID for each accrual period will be determined in Euros and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above under "Euro Denominated Interest". Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or retirement of a Note), a U.S. Holder of a Euro Note may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount of OID previously accrued (translated into U.S. dollars as previously described), regardless of whether the payment is in fact converted into U.S. dollars.

Acquisition Premium.

A U.S. Holder that purchases a Note for an amount less than or equal to the Note's principal amount but in excess of its adjusted issue price (this excess being "acquisition premium") and that does not make the election described below under "Election to Treat All Interest as Original Issue Discount" is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the Note's principal amount over the Note's adjusted issue price. No OID will accrue on a Note purchased for more than its principal amount. Acquisition premium on a Euro Note will be computed in units of Euros, and acquisition premium that is taken into account currently will reduce OID income in units of Euros on such Euro Note. On the date acquisition premium offsets OID income, a U.S. Holder of a Euro Note may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Notes were acquired by the U.S. Holder.

Market Discount.

A Note generally will be treated as purchased at a market discount (a "Market Discount Note") if the Note's "revised issue price" exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's revised issue price multiplied by the number of complete years from the date acquired by the U.S. Holder to the Note's maturity. If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "*de minimis* market discount". For this purpose, the "revised issue price" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note.

Any gain recognised on the maturity or disposition of a Market Discount Note will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year for which the election is made. This election may not be revoked without the consent of the IRS.

A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently generally may be required to defer a portion of deductions for interest on borrowings incurred to purchase or carry a Market Discount Note.

Market discount on a Market Discount Note will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Note with respect to which it is made and is irrevocable.

Market Discount that is accrued by a U.S. Holder of a Euro Note will be accrued in Euros. If the U.S. Holder of a Euro Note elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder of a Euro Note may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder of a Euro Note that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Election to Treat All Interest as Original Issue Discount.

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under "Original Issue Discount-General", with certain modifications. For purposes of this election, interest includes interest, OID, market discount and *de minimis* market discount or acquisition premium. This election generally applies only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under "Market Discount" to include market discount in income currently over the life of all debt instruments having market discount that are acquired on or after the first day of the first taxable year to which the election applies. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Fungible Issue

The Issuer may, without the consent of the holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with different amounts of OID than the original Notes. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

Sale and Retirement of the Notes

A U.S. Holder will generally recognise gain or loss on the sale or retirement (including, for this purpose, any other taxable disposition) of a Note equal to the difference between the amount realised on the sale or retirement and the tax basis of the Note. A U.S. Holder's tax basis in a Note will generally be its U.S. dollar cost (as defined below) increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and reduced by the amount of any principal paid or premium taken into account on the Note. The U.S. dollar cost of a Note purchased with Euros will generally be the U.S. dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of Notes traded on an established securities market, within the meaning of the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. The amount realised on a sale or retirement for an amount in Euros will be the U.S. dollar value of this amount on the date of sale or retirement, or the settlement date for the sale, in the case of Notes traded on an established securities market, within the meaning of the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects).

A U.S. Holder of a Euro Note will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (or, if less, the principal amount of the Note) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss (including any exchange rate gain or loss with respect to the receipt of accrued but unpaid interest) will be realised only to the extent of total gain or loss realised on the sale or retirement.

Subject to the discussion above about foreign exchange rate gain or loss, gain or loss recognised by a U.S. Holder on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the

Note was held by the U.S. Holder for more than one year. Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source.

Disposition of Euros

Euros received as interest on a Euro Note or on the sale or retirement of a Euro Note will have a tax basis equal to their U.S. dollar value at the time the Euros are received. Euros that are purchased will generally have a tax basis equal to their U.S. dollar value on the date of purchase. Any gain or loss recognised on a sale or other disposition of Euros (including their use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Backup Withholding and Information Reporting

Payments of principal, interest and accrued OID on, and the proceeds of sale or other disposition of Notes, by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments, including payments of accrued OID, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss from the Euro Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

Foreign Financial Asset Reporting

Legislation enacted in March 2010 imposes new reporting requirements on the holding of certain foreign financial assets, including debt of foreign entities, if the aggregate value of all of these assets exceeds $50,000. The Notes are expected to constitute foreign financial assets subject to these requirements unless the Notes are held in an account at a domestic financial institution (in which case, the account may be reportable if maintained by a foreign financial institution). U.S. Holders should consult their tax advisors regarding the application of this legislation.

Cayman Islands Taxation

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands law:

- Payments of interest and principal on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the Notes, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

- Subject to the qualification herein concerning stamp duty, there is no stamp duty or registration or similar tax or charge payable in the Cayman Islands in respect of the issue of the Notes. The Notes are stampable within 45 days of them being executed in, or thereafter brought within, the jurisdiction of the Cayman Islands, for example, for the purposes of enforcement, at an *ad valorem* rate of 0.25% of the principal amount specified on the face of each Note up to a maximum of U.S.$304.88, unless U.S.$609.76 has been paid in respect of the entire issue of Notes.

The Tax Concessions Law (1999 Revision) Undertaking as to Tax Concessions

The Issuer has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has applied for and expects to obtain an undertaking as to tax concessions from the Governor in Cabinet of the Cayman Islands in the following form:

In accordance with the provision of Section 6 of the Tax Concessions Law (1999 Revision), the Governor in Cabinet undertakes with the Issuer:

- that no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Issuer or its operations; and

- in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

(i) on, or in respect of, the shares, debentures or other obligations of the Issuer; or

(ii) by way of the withholding, in whole or in part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision).

These concessions shall be for a period of 20 years from the date of the undertaking.

CERTAIN ERISA CONSIDERATIONS

General

ERISA imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) subject to Title I of ERISA and on entities that are deemed to hold the assets of such plans ("ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the plan.

Section 406 of ERISA and Section 4975 of the Internal Revenue Code of 1986 (the "Code") prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

Any Plan fiduciary which proposes to cause a Plan to purchase the Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such purchase and holding will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA.

Non-U.S. plans, governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be subject to non-U.S., state, local or other federal laws or regulations that are substantially similar to the foregoing provisions of ERISA and the Code ("Similar Law"). Fiduciaries of any such plans should consult with their counsel before purchasing the Notes to determine the need for, and the availability, if necessary, of any exemptive relief under any such law or regulations.

Prohibited Transaction Exemptions

The fiduciary of a Plan that proposes to purchase and hold any Notes should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, or (iii) the transfer to, or use by or for the benefit of, a party in interest or disqualified person, of any Plan assets. Such parties in interest or disqualified persons could include, without limitation, the Issuer, the Initial Purchasers, the Trustee, the transfer agent or any of their respective affiliates. Depending on the satisfaction of certain conditions, which may include the identification of the Plan fiduciary making the decision to acquire or hold the Notes on behalf of a Plan, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code or Prohibited Transaction Class Exemption ("PTCE") 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by insurance company general accounts) or PTCE 96-23 (relating to transactions directed by an in-house asset manager) (collectively, the "Class Exemptions") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

By its purchase of any Note, the purchaser and any subsequent transferee thereof will be deemed to have represented and warranted that either: (i) it is not a Plan and no portion of the assets used by such purchaser or transferee to acquire and hold the Notes constitutes assets of any Plan or non-U.S., governmental or church plan subject to Similar Law or any entity whose underlying assets are considered to include "plan assets" (within the meaning of Section 2510.3-101 of Title 29 of the United States Code of Federal Regulations, as modified by Section 3(42) of ERISA) of any such plan, account or arrangement or (ii) the purchase and holding of the Notes by such purchaser or transferee does not and will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Law.

Each Plan fiduciary (and each fiduciary for non-U.S., governmental or church plans subject to Similar Law) should consult with its legal advisor concerning the potential consequences to the plan under ERISA, the Code or such Similar Laws of an investment in the Notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the purchase agreement dated 1 March 2012 (the "Purchase Agreement"), by and among the Issuer, the Guarantors and each of the Initial Purchasers, each Initial Purchaser has agreed, severally and not jointly, to purchase from the Issuer, and the Issuer has agreed to sell, all of the Notes pursuant to the terms of the Purchase Agreement.

The Purchase Agreement provides that the obligations of the Initial Purchasers to purchase and accept delivery of the Notes offered hereby are subject to certain conditions precedent. The Initial Purchasers are obligated to purchase and accept delivery of all the Notes if any are purchased.

The Initial Purchasers propose to offer the Notes at the initial offering price to purchasers at the price to investors indicated on the cover page of this Offering Memorandum. After the Notes are released for sale, the Initial Purchasers may change the offering price and any other selling terms without notice.

Persons who purchase the Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Notes (including the Guarantees) have not been and will not be registered under the U.S. Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes (i) outside the United States to non-U.S. persons (as defined in Regulation S) in offshore transactions in reliance on Regulation S and (ii) in the United States to qualified institutional buyers in reliance on Rule 144A, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction The terms used above in this paragraph have the meanings given to them by Regulation S and Rule 144A under the U.S. Securities Act. Resales of the Notes (including the Guarantees) will be restricted and each purchaser of the Notes (including the Guarantees) in the United States will be required to make certain acknowledgements, representations and agreements, as described under "Notice to Investors".

In connection with sales outside the United States, the Initial Purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (i) as part of the Initial Purchasers' distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering or the date the Notes are originally issued. The Initial Purchasers will send to each distributor, dealer or person to whom it sells such Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, with respect to the Notes initially sold pursuant to Regulation S, until 40 days after the commencement of the Offering, an offer or sale of such Notes within the United States by a dealer that is not participating in the Offering may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the U.S. Securities Act.

The Issuer and the Guarantors have agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 90 days after the date the Notes are issued, none of the Issuer or the Guarantors will, without the prior written consent of the Initial Purchasers, offer, sell, contract to sell, or otherwise dispose of, any debt securities issued by the Issuer or any of the Guarantors that are substantially similar to the Notes and having a tenor of more than one year.

The Issuer has agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. In addition, the Issuer will pay the Initial Purchasers a commission and pay certain fees and expenses relating to the Offering.

In connection with the Offering, the Initial Purchasers may purchase and sell the Notes in the open market. These transactions may include short sales, over-allotments, stabilising transactions and purchases to cover positions created by short sales or over-allotments. Short sales involve the sale by the Initial Purchasers of a greater number of Notes than they are required to purchase in the Offering. Stabilising transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Notes while the Offering is in progress.

These activities by Deutsche Bank or its affiliates may stabilise, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. There is no obligation on Deutsche Bank or its affiliates to conduct these activities. If these activities are commenced, they may be discontinued by Deutsche Bank or its affiliates at any time. These transactions may be effected in the over-the-counter market or otherwise.

The Initial Purchasers expect to make offers and sales both inside and outside the United States through their respective selling agents. Any offers and sales in the United States will be conducted by broker-dealers registered with the U.S. Securities and Exchange Commission.

No action has been taken in any jurisdiction, including the United States, by the Issuer, the Guarantors or the Initial Purchasers that would permit a public offering of the Notes and the Guarantees or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Group or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes and the Guarantees may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this Offering Memorandum and the resale of the Notes. See "Notice to Investors".

The Notes are a new issue of securities with no established trading market. The Initial Purchasers have advised the Issuer that they presently intend to make a market in the Notes as permitted by applicable laws and regulations. The Initial Purchasers are not obliged, however, to make a market in the Notes and any such market-making may be discontinued at any time at the sole discretion of the Initial Purchasers. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes.

The Initial Purchasers and their respective affiliates have from time to time performed certain investment banking and/or other financial services to the Issuer and its affiliates or former affiliates for which they received customary fees and reimbursement of expenses. The Initial Purchasers and their respective affiliates may in the future provide investment banking or other financial services to the Issuer or its affiliates, for which they will receive customary fees and reimbursement of expenses. In addition, the Initial Purchasers or their respective affiliates are lenders under the Revolving Credit Facility, and such entities may act as counterparties in the hedging arrangements the Issuer expects to enter into in connection with the Revolving Credit Facility, and will receive customary fees for their services in such capacities. The Royal Bank of Scotland plc is a lender under the Junior Credit Facility. Deutsche Bank AG, London Branch (acting through its Global Markets Division) is the sole lender of record in respect of all participations repurchased under the Junior Credit Facility Agreement pursuant to the Participation Agreement, though such participations will ultimately be transferred to Electric Invest (Cayman) Limited on or prior to the Escrow Release Date and an affiliate of parent entities of the Issuer partially funded the purchase price of such participations with borrowings from Deutsche Bank AG, London Branch (acting through its Global Markets Division) under the Participation Loan.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF GUARANTEES AND SECURITY

Cayman Islands

When a winding-up order is made by the Cayman Islands Court (the "Court") or a voluntary winding-up is subject to Court supervision (*i.e.* in an official liquidation), an automatic moratorium on litigation against the company is imposed—that is, proceedings may not be commenced against the company without the express permission of the Court. Dispositions of property, transfers of shares and alterations in the status of shareholders are void in an official liquidation, unless the Court orders otherwise. The moratorium does not prevent a secured creditor from realising its security, nor does it affect any valid rights of set-off or subordination agreements acquired or entered into before the commencement of the official liquidation.

It is a fundamental rule of Cayman Islands insolvency law that all ordinary unsecured and unsubordinated creditors are treated equally irrespective of the nature of their claims. This is referred to as the *pari passu* rule. This rule applies in an ordinary unsecured and unsubordinated creditors existing as at the date of the presentation of the winding-up petition, or whose claims arise out of causes of action that accrued before the date of the presentation of the winding-up petition. Generally speaking a creditor having a validly created security interested over property of a company in liquidation is entitled to enforce his security without reference to the official liquidators and without the leave of the Court.

The interest of a the secured party will rank after (i) any prior legal or perfected equitable interest in the secured property and (ii) any later legal interest in the secured property created in favour of a bona fide purchaser or mortgagee for value without notice of the security interest.

Preferred creditors under Cayman Islands law will rank ahead of unsecured creditors of a company. Preferred creditors under the Companies Law will rank ahead of unsecured creditors and secured creditors where the secured creditors' security is in the nature of a floating charge. Furthermore, all costs, charges and expenses properly incurred in the voluntary winding up of a company, including the remuneration of the liquidators, are payable out of the assets of the company in priority to all other unsecured claims.

Under Cayman Islands law there is no statutory or common law rule which prohibits a company from giving financial assistance to any person for the acquisition of the company's shares. The directors of the company must ensure the transaction is in the best interests of the company and is carried out on a proper commercial basis, otherwise the transaction may be impugned on the basis of breach of fiduciary duty.

Enforcement against a Cayman Islands company may be limited by section 86 of the Companies Law which provides that a compromise or arrangement between a company and its creditors or any class of them shall, if sanctioned by the Court, be binding on all the creditors or a class of creditors. If there are creditors who form a class, the class will be bound by the scheme if a majority representing 75% in value of the class who attended (whether in person or by proxy) and voted, approved the scheme. Cayman Islands authority suggests that a class is constituted by "those persons whose rights are not so dissimilar as to make it impossible for them to consult together with a view to their acting in their common interest". Two or more creditors are likely to constitute separate classes in a compromise or arrangement if they hold security over different assets or hold security over the same asset but do not rank equally.

Enforcement may be limited by section 99 of the Companies Law which provides that, when a winding up order has been made, any disposition of the company's property and any transfer of shares or alteration in the status of the company's members made after the commencements of the winding up shall, unless the court otherwise orders, be void.

Although there is no published decision of a Cayman Islands court, English authority (which would be regarded as persuasive but not binding in the Cayman Islands) holds that a secured creditor will be permitted to enforce his security.

Section 97 of the Companies Law provides:

(i) "when a winding up order is made or a provisional liquidator is appointed no suit, action or other proceedings, including criminal proceedings, shall be proceeded with or commenced against the company except with the leave of the Court and subject to such terms as the Court may impose; and

(ii) when a winding up order has been made, any attachment, distress or execution put in force against the estate or effects of the company after the commencement of the winding up is void".

However, Section 142(1) of the Companies Law confirms that, notwithstanding that a winding up order has been made, a creditor who has security over the whole or part of the assets of a company is entitled to enforce his security without the leave of the Court and without reference to the liquidator.

It should also be noted that Section 96 of the Companies Law provides that a court in the Cayman Islands may at any time after the presentation of the petition for the winding up of a Company and before the making of a winding up order where proceedings are pending in the Cayman Islands courts or the Privy Council or in a foreign court restrain such proceedings accordingly "on such terms as the Court thinks fit". In practice, the scope and effect of the stay under Section 96 is the same as Section 97.

A liquidator may at any time give notice to a creditor whose debt is secured that he proposes, at the expiration of 28 days from the date of the notice, to redeem the security at the value put upon it in the creditor's proof.

Section 145 of the Companies Law provides that any disposition of a company's property is invalid as a voidable preference if the company is insolvent at the time of such disposition and the company commences winding up within six months of such disposition and such disposition is made, incurred, taken or suffered by the company in favour of a creditor with a view to giving that creditor a preference over the other creditors of the company.

Every disposition of property made with intent to defraud and at an undervalue shall be voidable at the instance of the official liquidator or the creditor thereby prejudiced.

England and Wales

A number of the Group's subsidiaries are incorporated under the laws of England and Wales. Accordingly, insolvency proceedings with respect to certain of Viridian's subsidiaries incorporated under the laws of England and Wales would be likely to proceed under, and be governed by, English insolvency law unless it can be demonstrated that the company's "centre of main interests" or "COMI" is situated in another jurisdiction. A Company's COMI should correspond to the place where the company conducts the administration of its interests on regular basis and is therefore ascertainable by third parties. The registered office of a company is presumed to be where the company's COMI is, unless proven to the contrary. Therefore, the COMI of a company is determined on a factual basis taking into account where the company regularly conducts its affairs and where its creditors perceive a company's COMI to be. As the English Subsidiary Guarantor is incorporated in England, there is a presumption that the "centre of main interests" for the English Subsidiary Guarantor is situated in England.

English insolvency law may not be as favourable to your interests as the laws of the United States or other jurisdictions with which you are familiar. In the event that Viridian or any one or more of the Guarantors experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

Viridian's obligations under the Notes will be guaranteed by the Guarantors and secured by security interests over the Collateral. English insolvency laws and other limitations could limit the enforceability of a Guarantee against a Guarantor and the enforceability of security interests.

The following is a brief description of certain aspects of English insolvency law relating to certain limitations on the Guarantees or the security interests of the Notes.

The application of these laws could adversely affect your ability to enforce your rights under the Guarantees or the Collateral securing the Notes and limit any amounts that you may receive.

Fixed versus Floating Charges

There are a number of ways in which fixed charge security has an advantage over floating charge security: (a) an administrator appointed to a charging company can convert floating charge assets to cash and use such cash, or use cash subject to a floating charge, to meet administration expenses (which can include the costs of continuing to operate the business of the charging company) while in administration in priority to the claims of the floating charge holder; (b) a fixed charge, even if created after the date of a floating charge, may have priority as against the floating charge over the charged assets; (c) general costs and expenses (including the remuneration of the liquidator) properly incurred in a winding-up are payable out of the assets of the charging company (including the assets the subject of the floating charge) in priority to floating charge claims; (d) until the floating charge security crystallises, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge and so as to give rise to the risk of security being granted over such assets in priority to the floating charge security; (e) there are particular challenge risks in relation to floating charge security; and (f) floating charge security is subject to the claims of preferential creditors (such as certain minimum occupational pension scheme contributions and salaries owed to employees) and to ring-fencing (see below "—England and Wales—Administration and Floating Charges").

Under English insolvency law, there is a possibility that a court could find that the fixed security interests expressed to be created by a security document could take effect as floating charges because the description given to them as fixed charges is not determinative. Whether fixed security interests will be upheld as fixed rather than floating security interests will depend, among other things, on whether the chargee has the requisite degree of control over the ability of the relevant chargor to deal in the relevant assets and the proceeds thereof and, if so, whether such control is, in fact, exercised by the chargee in practice. Where the chargor is free to deal with the secured assets without the consent of the chargee, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Administration and Floating Charges

The relevant English insolvency statutes empower English courts to make an administration order in respect of an English company, as applicable, in certain circumstances. An administration order can be made if the court is satisfied that the relevant company is or is likely to become "unable to pay its debts" and that the administration order is reasonably likely to achieve the purpose of administration. An administrator can also be appointed out of court by the company, its directors or the holder of a qualifying floating charge which has become enforceable, and different procedures apply according to the identity of the appointor. During the administration, in general no proceedings or other legal process may be commenced or continued against the debtor, or security enforced over the company's property, except with leave of the court or the consent of the administrator (the statutory moratorium).

If an English company were to enter administration, it is possible that the security or the guarantee granted by it may not be enforced while it is in administration, without the leave of court or consent of the administrator. There can be no assurance that the Security Agent would obtain this leave of court or consent of the administrator. In addition, other than in limited circumstances (expanded upon below). No administrative receiver can be appointed by a secured creditor in preference to an administrator. Any administrative receiver already appointed must vacate office, and any receiver already appointed must vacate office if requested to do so by the administrator. Where a company is already in administration, no administrative receiver may be appointed and a receiver may only be appointed with the leave of the court or consent of the administrator.

Certain creditors of a company in administration may be able to realise their security over that company's property notwithstanding the statutory moratorium. The statutory moratorium does not apply to security interests created or arising under a "financial collateral agreement" (generally, security/collateral in respect of cash or financial instruments, such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003 as amended.

In order to empower the Security Agent to appoint an administrative receiver or an administrator to the company, the floating charge granted by the relevant English obligor must constitute a "qualifying floating charge" for purposes of English insolvency law and, in the case of the ability to appoint an administrative receiver, the qualifying floating charge must, unless the security document predates 15 September 2003 in England, fall within one of the exceptions in the Enterprise Act 2002 in England. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (a) states that the relevant statutory provision applies to it; (b) purports to empower the holder to appoint an administrator of the company or (c) purports to empower the holder to appoint an administrative receiver. The Security Agent will be the holder of a qualifying floating charge if such floating charge security, together (if necessary) with the fixed charge security interests, relate to the whole or substantially the whole of the property of the relevant English company and at least one such security interest is a qualifying floating charge. Whether the assets that are subject to the floating charges and other security will constitute substantially the whole of the relevant English company's assets at the time that the floating charges are enforced will be a question of fact at that time.

The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to "capital market arrangements" (as defined in the UK Insolvency Act 1986, as amended (the "UK Insolvency Act"), which will apply if the issue of the Notes creates a debt of at least £50 million for the relevant company during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the UK Insolvency Act, but is generally a rated, listed or traded debt instrument). An administrator, receiver (including administrative receiver) or liquidator of the company will be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors. Under current law, this applies to 50% of the first £10,000 of floating charge realisations and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000.

Liquidation

Liquidation is a termination procedure applicable to companies incorporated under the laws of England and Wales. There are three ways an English Subsidiary Guarantor may be placed into liquidation or "wound up", being (1) Members' Voluntary Liquidation (which is a procedure available to solvent companies only), (2) Creditors' Voluntary Liquidation, and (3) Compulsory Winding-Up.

On the liquidation of an English company, there is no automatic statutory moratorium in place preventing the holders of security interests from taking steps to enforce those security interests. Where an English Subsidiary Guarantor is placed into liquidation, a creditor holding a valid mortgage, charge or other security interest has four options: (1) to realise the security, apply the proceeds towards discharge of the secured debt, and prove in the liquidation for any balance; (2) to retain the security and not prove in the liquidation, (3) to value the security and prove for any shortfall between that value and the value of the debt, and (4) to surrender the security and prove for the full amount of the debt.

Challenges to Guarantees and Security

There are circumstances under English insolvency law in which the granting by an English company of security and guarantees can be challenged. Under insolvency law in England and Wales, the liquidator or administrator of a company may apply to the court to set aside the granting of security or the giving of a guarantee prior to the grantor entering into relevant insolvency proceedings, if the grantor was unable to pay its debts (as defined in Section 123 of the UK Insolvency Act) at the time of, or becomes unable to pay its debts as a consequence of, the grant of security or giving the guarantee. A transaction that has occurred within the two years prior to the guarantor entering into relevant insolvency proceedings might be subject to a challenge if a company received consideration of significantly less value than the benefit given by that company unless a court determines that the company entered into the transaction in good faith for the purpose of carrying on its business and if at the time it did so there were reasonable grounds for believing the transaction would benefit the company. The two year time period limitation wouldn't apply where the transaction was made for the purpose of putting assets beyond the reach of creditors. In addition, a transaction might be subject to challenge where it puts a person into a position which is better than the position that person would be in if the company proceeded into insolvent liquidation and that transaction occurred within the two years (in the case of connected persons) or six months (in the case of unconnected persons) prior to the company entering into relevant insolvency proceedings. The Issuer cannot assure holders of the Notes that in the event of insolvency, the granting of the security or the giving of the guarantees by companies incorporated under the laws of England and Wales would not be challenged by a liquidator or administrator or that a court would support Viridian's analysis that (in any event) the security and guarantees were entered into in good faith for the purposes described above.

In general terms, in such circumstances the Courts of England and Wales have the power to make void such transactions, or restore the position to what it would have been if the company had not entered into the transaction. If a court voided any grant of security or giving of any guarantee as a result of a transaction at an undervalue or preference, or held it unenforceable for any other reason, you would cease to have any security over the grantor or a claim against the Guarantor giving such guarantee.

Northern Ireland

Insolvency

Certain of the Guarantors namely, Viridian Group Limited, VPEL and Viridian Energy Supply Limited are incorporated under the laws of Northern Ireland (the "Northern Irish Guarantors". Accordingly, insolvency proceedings in respect of the Northern Irish Guarantors are likely to be governed by the laws of Northern Ireland. Insolvency laws in Northern Ireland may not be as favourable to your interests as the laws of the United States and other jurisdictions with which you are familiar with. Where one of the Northern Irish Guarantors experiences financial difficulties, it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

Northern Irish insolvency laws and other limitations could limit the enforceability of a guarantee provided by the Northern Irish Guarantors and any security interests granted by the Northern Irish Guarantors.

The following is a brief description of certain aspects of Northern Irish insolvency laws relating to certain limitations on the Guarantees and security interests in respect of the Notes, insofar as they are provided by the Northern Irish Guarantors.

The application of these laws could adversely affect your ability to enforce your rights under the Guarantees or the Collateral securing the Notes and limit any amounts that you may receive. We have also analysed the typical forms of security interests in Northern Ireland which are commonly created in Northern Ireland over a company's assets, namely fixed and floating charges.

General

The laws relating to insolvency and the validity/enforceability of guarantees and security are broadly the same as those in England and Wales but substantially different from those equivalent laws in Ireland.

Where a company is incorporated and registered under the laws of Northern Ireland, that company will be subject to insolvency proceedings in Northern Ireland unless it can be demonstrated that the company's "centre of main interests" or "COMI" is situated in another jurisdiction. A Company's COMI should correspond to the place where the company conducts the administration of its interests on regular basis and is therefore ascertainable by third parties. The registered office of a company is presumed to be where the company's COMI is, unless proven to the contrary. Therefore, the COMI of a company is determined on a factual basis taking into account where the company regularly conducts its affairs and where its creditors perceive a company's COMI to be. As the Northern Irish Guarantors are incorporated in Northern Ireland, there is a presumption that the "certain of main interests" for the Northern Irish Guarantors is situated in Northern Ireland.

Fixed versus Floating Charges

There are a number of ways in which fixed charge security has an advantage over floating charge security: (a) an administrator appointed to a charging company can (without the floating charge holder's consent) convert floating charge assets to cash and use such cash, or use cash subject to a floating charge, to meet administration expenses (which can include the costs of continuing to operate the business of the charging company) while in administration in priority to the claims of the floating charge holder; (b) a fixed charge, even if created after the date of a floating charge, may have priority as against the floating charge over the charged assets; (c) general costs and expenses (including the remuneration of the liquidator) properly incurred in a winding-up are payable out of the assets of the charging company (including the assets the subject of the floating charge) in priority to floating charge claims; (d) until the floating charge security crystallises, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge and so as to give rise to the risk of security being granted over such assets in priority to the floating charge security; (e) there are particular challenge risks in relation to floating charge security; and (f) floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to employees) and to ring-fencing (see below "—Northern Ireland—Administration and Floating Charges").

Under insolvency laws in Northern Ireland, there is a possibility that a court could find that the fixed security interests expressed to be created by a security document could take effect as floating charges because the description given to them as fixed charges is not determinative. Whether fixed security interests will be upheld as fixed rather than floating security interests will depend, among other things, on whether the chargee has the requisite degree of control over the ability of the relevant chargor to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the chargee in practice. Where the chargor is free to deal with the secured assets without the consent of the chargee, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Administration and Floating Charges

The Insolvency (Northern Ireland) Order 1989 (as amended by the Insolvency (Northern Ireland) 2005 and as otherwise amended) empowers courts in Northern Ireland to make an administration order in respect of a Northern Irish company in certain circumstances.

An administration order can be made if the court is satisfied that the relevant company is or is likely to become "unable to pay its debts" as defined in Article 103 of the Insolvency (Northern Ireland) Order 1989 and that the administration order is reasonably likely to achieve the statutory purpose of administration.

An administrator can also be appointed out of court by the company, its directors or the holder of a qualifying floating charge which has become enforceable. During the administration, no proceedings or other legal process may be commenced or continued against the company in administration, or security enforced over the company's property, except with leave of the court or the consent of the administrator (the statutory moratorium). Certain creditors of a company in administration may be able to realise their security over that company's property notwithstanding the statutory moratorium. The statutory moratorium does not apply to security interests created or arising under a "financial collateral agreement" (generally, security/collateral in respect of cash or financial instruments, such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003. If a Northern Irish company were to enter administration, it is possible that the security or the guarantee granted by it may not be enforced while it is in administration, without the leave of court or consent of the administrator. There can be no assurance that the Security Agent would obtain this leave of court or consent of the administrator. In addition, other than in limited circumstances, no administrative receiver can be appointed by a secured creditor in preference to an administrator, and any already appointed must resign if requested to do so by the administrator. Where the company is already in administration no other receiver may be appointed over that company's fixed assets (commonly referred to as a Fixed Charge Receiver) without the leave of the Court or the administrator's consent.

Liquidation

The Northern Irish Guarantors may be wound up under the laws of Northern Ireland. By "wound up" we mean placed into either Creditors' Voluntary Liquidation or Compulsory Liquidation, both of which are insolvent liquidations. We are not referring to the process of Members' Voluntary Liquidation which is a solvent winding up and outside the scope of this analysis.

On the liquidation of a Northern Irish company, there is no automatic statutory moratorium in place preventing, amongst other things, the holders of security interests from taking steps to enforce those security interests. Where a Northern Irish Guarantor is place into Creditors' Voluntary Liquidation, there are no restrictions on the holder of security either by way of fixed or floating charge from taking steps to enforce those security interests unless the liquidator or any creditor has applied to a court for a stay. However, where a Northern Irish Guarantor is placed into Compulsory Liquidation, the consent of the Court is strictly required before any security interest can be enforced. In addition, with compulsory liquidation where the obligations under the Guarantee are unsecured because of some inherent defect in the security interest, that guarantor cannot take action or commence proceedings to recover the amounts on foot of the guarantee without the consent of the Court by virtue of Article 110 of the Insolvency (Northern Ireland) Order 1989.

Challenges to Guarantees and Security

There are circumstances under Northern Irish insolvency law in which the granting by a Northern Irish company of security and guarantees can be challenged. Under insolvency law in Northern Ireland, the liquidator or administrator of a company may apply to the court to set aside the granting of security or the giving of a guarantee within two years prior of the grantor entering into relevant insolvency proceedings, if the grantor was unable to pay its debts, as defined in Article 103 of the Insolvency (NI) Order 1989 at the time of, or becomes unable to pay its debts as a consequence of, the grant of security or giving the guarantee.

A transaction might be subject to a challenge if a company received consideration of significantly less value than the benefit given by that company or if it puts a person into a position which is better than the position that person would be in if the company proceeded into insolvent liquidation or if made for the purpose of putting assets beyond the reach of creditors. A court generally will not intervene, however, if a company entered into the transaction in good faith for the purpose of carrying on its business and if at the time it did so there were reasonable grounds for believing the transaction would benefit the company. The Issuer cannot assure holders of the Notes that in the event of insolvency, the granting of the security by companies incorporated under the laws of Northern Ireland would not be challenged by a liquidator or administrator or that a court would support the analysis that (in any event) the guarantee was entered into in good faith for the purposes described above.

In general terms, in such circumstances the Courts of Northern Ireland have the power to make void, among other things, such transactions or restore the position to what it would have been if the company had not entered into the transaction. If a court voided any grant of security or giving of any guarantee as a result of a transaction at an undervalue or preference, or held it unenforceable for any other reason, you would cease to have any security over the grantor or a claim against the Guarantor giving such guarantee.

Republic of Ireland

Guarantee Limitation

The Notes will be guaranteed and secured by Huntstown Power Company Limited, Viridian Power and Energy Holdings Limited, Viridian Power Limited, Power and Energy Holdings (RoI) Limited and Viridian Energy Limited (the "RoI Guarantors") to the extent that it would not result in such guarantees or security constituting the giving of unlawful financial assistance within the meaning of Section 60 of the Irish Companies Act, 1963.

Insolvency

Liquidation

As RoI incorporated companies, the RoI Guarantors may be wound up under RoI law. On a liquidation of an RoI company, certain categories of preferential debts and the claims of secured creditors would be paid in priority to the claims of unsecured creditors. Such preferential debts would comprise, among other things, any amounts owed in respect of local rates and certain amounts owed to the RoI Revenue Commissioners for income/corporation/capital gains tax, VAT, employee taxes, social security and pension scheme contributions and remuneration, salary and wages of employees and certain contractors and the expenses of liquidation and examinership (if any). If any of the RoI Guarantors become subject to an insolvency proceeding and if it such RoI Guarantor has obligations to creditors that are treated under RoI law as creditors that are senior relative to the holders of the Notes, the holders of the Notes may suffer losses as a result of their subordinated status during such insolvency proceedings. In particular:

(i) under RoI law, the claims of creditors holding fixed charges may rank behind other creditors (namely fees, costs and expenses of any examiner appointed and certain capital gains tax liabilities) and, in the case of fixed charges over book debts, may rank behind claims of the RoI Revenue Commissioners for PAYE and VAT;

(ii) under RoI law, for a charge to be characterised as a fixed charge, the charge holder is required to exercise the requisite level of control over the assets purported to be charged and the proceeds of such assets including any bank account into which such proceeds are paid. There is a risk therefore that even a charge which purports to be taken as a fixed charge may take effect as a floating charge if a court deems that the requisite level of control was not exercised; and

(iii) under RoI law, the claims of certain other creditors (including the RoI Revenue Commissioners for certain unpaid taxes), as well as those of creditors mentioned above, will rank in priority to claims of unsecured creditors and claims of creditors holding floating charges.

Under RoI insolvency law, a liquidator of an RoI Guarantor could apply to court to have set aside certain transactions entered into by the RoI Guarantor before the commencement of liquidation. Section 286 of the RoI Companies Act, 1963 provides that any conveyance, mortgage, delivery of goods, payment, execution or other act relating to property made or done by or against a company which is unable to pay its debts as they become due, to any creditor, within six months of the commencement of a winding up of the company, with a view to giving such creditor (or any surety or guarantor of the debt due to such creditor) a preference over its other creditors shall, if the company is at the time of the commencement of the winding-up unable to pay its debts (taking into account the contingent and prospective liabilities), be deemed a fraudulent preference of its creditors and be invalid accordingly. Where the conveyance, mortgage, delivery of goods, payment, execution or other action is in favour of a connected person the six month period is extended to two years. In addition, any such act in favour of a connected person is deemed a preference over the other creditors and as such to be a fraudulent preference and invalid accordingly.

Under section 139 of the RoI Companies Act, 1990, if it can be shown on the application of a liquidator, creditor or contributory of a company which is being wound up to the satisfaction of the RoI High Court that any property of such company was disposed of and the effect of such a disposal was to "perpetrate a fraud" on the company, its creditors or members, the RoI High Court may, if it deems it just and equitable, order any person who appears to have "use, control or possession" of such property or the proceeds of the sale or development thereof to deliver it or pay a sum in respect of it to the liquidator on such terms as the RoI High Court sees fit. In deciding whether it is just and equitable to make an order under section 139, the RoI High Court must have regard to the rights of persons who have bona fide and for value acquired an interest in the property the subject of the application.

Examinership

Examinership is a court procedure available under the RoI Companies (Amendment) Act 1990, as amended, to facilitate the survival of RoI companies in financial difficulties. An RoI Company (such as an RoI Guarantor), its directors, its shareholders holding, at the date of presentation of the petition, not less than one-tenth of its voting share capital, or a contingent, prospective or actual creditor, are each entitled to petition the RoI High Court for the appointment of an examiner. The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the company after this appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to this appointment. During the period of protection, the examiner will compile proposals for a compromise or scheme of arrangement to assist in the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the RoI High Court when at least one class of creditors, whose interests are impaired under the proposals, has voted in favour of the proposals and the RoI High Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by the implementation of the scheme of arrangement and the proposals are not unfairly prejudicial to any interested party.

If, for any reason, an examiner were appointed to an RoI Guarantor while any amounts due by the Issuer under the Notes were unpaid, the primary risks to the holders of the Notes are as follows:

(i) the Trustee, on behalf of the holders of the Notes, would not be able to enforce rights under the Guarantee against an RoI Guarantor during the period of examinership;

(ii) a scheme of arrangement may be approved involving the writing down of the debt due by an RoI Guarantor to the holders of the Notes irrespective of their views;

(iii) an examiner may seek to set aside any negative pledge given by an RoI Guarantor prohibiting the creation of security or the incurring of borrowings by the RoI Guarantor to enable the examiner to borrow to fund the RoI Guarantor during the protection period; and

(iv) in the event that a scheme of arrangement is not approved and the RoI Guarantor subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the RoI Guarantor and approved by the RoI High Court) and the claims of certain other creditors referred to above (including the RoI Revenue Commissioners for certain unpaid taxes) will take priority over the amounts due by the RoI Guarantor to the holders of the Notes.

Furthermore, the RoI High Court may order that an examiner shall have any of the powers of a liquidator appointed by the RoI High Court would have, which could include the power to apply to have transactions set aside under section 286 of the RoI Companies Act, 1963 or section 139 of the RoI Companies Act, 1990.

Luxembourg

ElectricInvest (Lux) ROI S.à r.l. (the "Luxembourg Guarantor") is incorporated under the laws of Luxembourg.

Certain Insolvency Law Considerations

Pursuant to Luxembourg insolvency laws, your ability to receive payment under the Notes may be more limited than would be the case under U.S. bankruptcy laws. Under Luxembourg law, the following types of proceedings (altogether referred to as insolvency proceedings) may be opened against an entity having its centre of main interests in Luxembourg or an establishment within the meaning of the EU Insolvency Regulation (in relation to secondary proceedings):

- bankruptcy proceedings (*faillite*), the opening of which may be requested by a company or by any of its creditors. Following such a request, the Luxembourg courts having jurisdiction may open bankruptcy proceedings if the company: (i) is in a state of cessation of payments (*cessation des paiements*) and (ii) has lost its commercial creditworthiness (*ébranlement de crédit*). If a Luxembourg court finds that these conditions are satisfied, it may also open bankruptcy proceedings, ex officio (absent a request made by the company or a creditor). The main effect of such proceedings is the suspension of all measures of enforcement against the company, except, subject to certain limited exceptions, for enforcement by secured creditors and the payment of the secured creditors in accordance with their rank upon realisation of the assets;

- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the company and not by its creditors and under which a Luxembourg court may order provisional suspension of payments, including a stay of enforcement of claims by secured creditors; and

- composition proceedings (*concordat préventif de faillite*), which may be requested only by the company (subject to obtaining the consent of the majority of its creditors) and not by its creditors themselves. The Luxembourg court's decision to admit a company to the composition proceedings triggers a provisional stay on enforcement of claims by creditors.

In addition to these proceedings, your ability to receive payment on the Notes may be affected by a decision of a Luxembourg court to grant a stay on payments (*sursis de paiement*) or to put the Luxembourg Guarantor into judicial liquidation (*liquidation judiciaire*). Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or that are in serious breach or violation of the Luxembourg commercial code or of the Luxembourg laws dated 15 August 1915 on commercial companies, as amended. The management of such liquidation proceedings will generally follow the rules of Luxembourg bankruptcy proceedings.

Liability of the Luxembourg Guarantor in respect of the Notes will, in the event of a liquidation of the entity following bankruptcy or judicial liquidation proceedings, only rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those debts of the relevant entity that are entitled to priority under Luxembourg law. Preferential debts under Luxembourg law include, among others:

- certain amounts owed to the Luxembourg Revenue;

- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise;

- social security contributions; and
- remuneration owed to employees.

During such insolvency proceedings, all enforcement measures by unsecured creditors are suspended. The ability of certain secured creditors to enforce their security interest may also be limited, in particular, in the event of controlled management proceedings providing expressly that the rights of secured creditors are frozen until a final decision has been taken by a Luxembourg court as to the petition for controlled management, and may be affected thereafter by a reorganisation order given by the court. A reorganisation order requires the prior approval by more than 50% of the creditors representing more than 50% of the relevant Luxembourg company's liabilities in order to take effect. Furthermore, declarations of default and subsequent acceleration (such as acceleration upon the occurrence of an event of default) may not be enforceable during controlled management proceedings.

Luxembourg insolvency laws may also affect transactions entered into or payments made by a Luxembourg company during the pre-bankruptcy period (*période suspecte*) which is a maximum of six months (and ten days, depending on the transaction in question) preceding the judgment declaring bankruptcy, except that in certain specific situations a Luxembourg court may set the start of the suspect period at an earlier date. In particular:

- pursuant to article 445 of the Luxembourg Code of Commerce ("*Code de commerce*"), specified transactions (such as, in particular, the granting of a security interest for antecedent debts; the payment of debts which have not fallen due, whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts which have fallen due by any means other than in cash or by bill of exchange; the sale of assets without consideration or with substantially inadequate consideration) entered into during the suspect period (or the ten days preceding it) must be set aside or declared null and void, if so requested by the insolvency receiver;

- pursuant to article 446 of the Luxembourg Code of Commerce, payments made for matured debts as well as other transactions concluded for consideration during the suspect period are subject to cancellation by the court upon proceedings instituted by the insolvency receiver if they were concluded with the knowledge of the bankrupt party's cessation of payments; and

- pursuant to article 448 of the Luxembourg Code of Commerce and article 1167 of the Civil Code ("*action paulienne*") gives the insolvency receiver (acting on behalf of the creditors) the right to challenge any fraudulent payments and transactions, including the granting of security with an intent to defraud, made prior to the bankruptcy, without any time limit.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in automatic termination of contracts, except for *intuitu personae* contracts, that is, contracts for which the identity of the company or its solvency were crucial. The contracts, therefore, subsist after the bankruptcy order. However, the insolvency receiver may choose to terminate certain contracts. As of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue *vis-à-vis* the bankruptcy estate.

Insolvency proceedings may hence have a material adverse effect on the relevant Luxembourg company's business and assets and the Luxembourg company's respective obligations under the Notes (as Luxembourg Guarantor).

Finally, international aspects of Luxembourg bankruptcy, controlled management or composition proceedings may be subject to the EU Insolvency Regulation.

Financial Assistance

Any security interests/guarantees granted by entities organised in Luxembourg, which constitute breach of the provisions on financial assistance as defined by article 49-6 of the Luxembourg law dated 10 August 1915 on commercial companies, as amended or any other similar provisions (to the extent applicable, as at the date of this Offering Memorandum, to a entity organised under the laws of Luxembourg and having the form of a private limited liability company) might not be enforceable.

The granting of guarantees/security interests by a Luxembourg company is subject to specific limitations and requirements relating to corporate object and corporate benefit.

The granting of guarantees/security interests by a company incorporated and existing in Luxembourg must not be prohibited by the corporate object (*objet social*) and/or legal form of that company. In addition, there is also a requirement according to which the granting of security by a company has to be for its corporate benefit.

Although no statutory definition of corporate benefit (*intérêt social*) exists under Luxembourg law, corporate benefit is widely interpreted and includes any transactions from which the company derives a direct or indirect economic or commercial benefit. The provision of guarantee/security interest for the obligations of direct or indirect subsidiaries is likely to raise no particular concerns, whereas the provision of cross-stream and upstream guarantees security interests may be more problematic.

Failure to comply with the corporate benefit requirement will typically result in liability for the managers of the company concerned, but not in the annulment of the guarantee improperly granted.

There is a limited risk that the managers of the Luxembourg company be held liable if, among other things:

- the guarantee/security interest so provided would materially exceed the (direct or indirect) benefit deriving from the secured obligations for the Luxembourg company, or

- the Luxembourg company derives no personal benefit or obtains no direct or indirect consideration for the guarantee/security interest granted, or

- the commitment of the Luxembourg company exceeds its financial means.

In addition to any criminal and civil liability incurred by the managers of the Luxembourg company, the guarantee could itself be held unenforceable, if it is held that it is contrary to public policy (*ordre public*) (in case of facts consisting a misuse of corporate assets).

The above analysis is slightly different within a group of companies where a group interest (*intérêt de groupe*) exists. The existence of a group interest could prevent the guarantee from falling foul of the above constraints In order for a group interest to be recognised, the following cumulative criteria must be met and proven:

- the "assisting" company must receive some benefit, or there must be a balance between the respective commitments of all the affiliates;

- the financial assistance must not exceed the assisting company's financial means, in which case it is typical for the guarantee to be limited to an aggregate amount not exceeding the assisting company's own funds ("*capitaux propres*"); and

- the companies involved must form part of a genuine group operating under a common strategy aimed at a common objective.

As a result, the guarantees/security interests granted by a Luxembourg company may be subject to certain limitations, which usually take the form of a general limitation language, which is inserted in the relevant finance document(s) and which covers the aggregate obligations and exposure of the relevant Luxembourg assisting company under all finance documents.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes (including the Guarantees) offered hereby.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or the securities laws or any other jurisdiction, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the securities laws of any other applicable jurisdiction. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act and to non-U.S. persons (as defined in Regulation S) in an offshore transaction outside the United States in reliance on Regulation S.

Viridian uses the terms “offshore transaction” and “United States” with the meanings given to them in Regulation S.

Each purchaser of Notes (including the Guarantees), by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer, each Guarantor and the Initial Purchasers as follows:

(1) The purchaser understands and acknowledges that the Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or the securities laws of any other applicable jurisdiction and that the Notes (including the Guarantees) are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A under the U.S. Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act and any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

(2) The purchaser is not an affiliate (as defined in Rule 144 under the U.S. Securities Act) of the Issuer or any Guarantor, is not acting on behalf of the Issuer or any Guarantor and is either:

(a) a person in the United States who is a qualified institutional buyer, within the meaning of Rule 144A under the U.S. Securities Act, and aware that any sale of these Notes to you will be made in reliance on Rule 144A under the U.S. Securities Act, and such acquisition will be for your own account or for the account of another qualified institutional buyer; or

(b) a non-U.S. person (as defined under Regulation S) and is purchasing the Notes (including the Guarantees) in an offshore transaction outside the United States in accordance with Regulation S.

(3) The purchaser acknowledges that neither the Issuer, the Guarantors nor the Initial Purchasers, nor any person representing any of them, has made any representation to it with respect to the Issuer or the offer or sale of any of the Notes (including the Guarantees), other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes (including the Guarantees). It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this Offering Memorandum. It has had access to such financial and other information concerning the Issuer and the Notes (including the Guarantees)as it has deemed necessary in connection with its decision to purchase any of the Notes (including the Guarantees), including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(4) The purchaser is purchasing the Notes (including the Guarantees) for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state or other securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes (including the Guarantees) pursuant to Rule 144A or any other exemption from registration available under the U.S. Securities Act, or in any transaction not subject to the U.S. Securities Act.

(5) The purchaser agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes (including the Guarantees), and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the “Resale Restriction Termination Date”) that is one year (in the case of Rule 144A Notes) or 40 days (in the case of Regulation S Notes) after the later of the date of the original issue and the last date on which Issuer or any of their affiliates

were the owner of such Notes (or any predecessor thereto) only (i) to the Guarantors or any subsidiary thereof, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A under the U.S. Securities Act, to a person it reasonably believes is a qualified institutional buyer that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act, (iv) to non-U.S. persons (as defined under Regulation S) in an offshore transaction outside the United States in compliance with Regulation S under the U.S. Securities Act or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

(6) Each purchaser acknowledges that each Note (and each Guarantee) will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "U.S. SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 144A OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

The following legend shall also be included, if applicable:

THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE WAS ISSUED WITH "ORIGINAL ISSUE DISCOUNT" ("OID") WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND THIS LEGEND IS REQUIRED BY SECTION 1275(c) OF THE CODE. HOLDERS MAY OBTAIN INFORMATION REGARDING THE AMOUNT OF ANY OID, THE ISSUE PRICE, THE ISSUE DATE, AND THE YIELD TO MATURITY RELATING TO THE NOTES BY CONTACTING THE ISSUER AT PAGET-BROWN TRUST COMPANY, BOUNDARY HALL, CRICKET SQUARE, PO BOX 1111, GRAND CAYMAN KY1-1102, CAYMAN ISLAND, TEL: +1 (345) 949-5122.

If the purchaser purchases Notes (including the Guarantees), it will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes (including the Guarantees) as well as to holders of these Notes (including the Guarantees).

(7) The purchaser agrees that it will give to each person to whom it transfers the Notes (including the Guarantees) notice of any restrictions on the transfer of such Notes.

(8) The purchaser acknowledges that the Registrar will not be required to accept for registration or transfer any Notes (including the Guarantees) acquired by it except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set forth therein have been complied with.

(9) The purchaser acknowledges that the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of its acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes (including the Guarantees)are no longer accurate, it shall promptly notify the Issuer and the Initial Purchasers. If it is acquiring any Notes (including the Guarantees) as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(10) The purchaser understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would result in a public offering of the Notes (including the Guarantees) or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes (including the Guarantees) in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "Plan of Distribution" and "Notice to Certain European Investors".

(11) The purchaser represents and covenants that:

(a) either: (A) it is not a Plan (which term includes (i) employee benefit plans that are subject to ERISA, (ii) plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code, or to provisions under applicable federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code ("Similar Laws") and (iii) entities the underlying assets of which are considered to include "plan assets" of such plans, accounts and arrangements) and it is not purchasing the Notes (including the Guarantees) on behalf of, or with the "plan assets" of, any Plan; or (B) its purchase, holding and subsequent disposition of the Notes (including the Guarantees) either (i) are not a prohibited transaction under ERISA or the Code and are otherwise permissible under all applicable Similar Laws or (ii) are entitled to exemptive relief from the prohibited transaction provisions of ERISA and the Code in accordance with one or more available statutory, class or individual prohibited transaction exemptions and are otherwise permissible under all applicable Similar Laws; and

(b) it will not transfer the Notes (including the Guarantees) to any person or entity, unless such person or entity could itself truthfully make the foregoing representations and covenants;

(12) The purchaser represents that he understands that the Issuer shall not recognise any offer, sale, pledge or other transfer of the Notes (including the Guarantees) made other than in compliance with the above-stated restrictions.

LEGAL MATTERS

Certain legal matters are being passed upon for the Issuer and the Guarantors by Linklaters LLP with respect to matters of U.S. federal and New York State law, with respect to matters of English law and with respect to Luxembourg law. In addition, certain legal matters are being passed upon for the Issuer and the Guarantors by Arthur Cox with respect to matters of RoI and Northern Irish law and Maples and Calder with respect to matters of Cayman Islands law.

Certain legal matters are being passed upon for the Initial Purchasers by Latham & Watkins LLP with respect to matters of U.S. federal and New York State law and with respect to matters of English law. In addition, certain legal matters are being passed upon for the Initial Purchasers by NautaDutilh Avocats Luxembourg with respect to matters of Luxembourg law, A&L Goodbody with respect to matters of RoI and Northern Irish law and Appleby with respect to matters of Cayman Islands law.

INDEPENDENT AUDITORS

The Consolidated Financial Statements, prepared in accordance with UK GAAP, have been audited by Ernst & Young LLP, independent auditors, as stated in their reports appearing herein. Ernst & Young LLP were the auditors for the financial statements of Viridian for the fiscal years ended 31 March 2011, 2010 and 2009.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a company organised under the laws of the Cayman Islands, and the Guarantors of the Notes have been incorporated in Northern Ireland, the RoI, the Cayman Islands and Luxembourg. All of their directors and executive officers are non-residents of the United States, and all of the Issuer's assets and those of such persons are located outside the United States. Although the Issuer will appoint an agent for service of process in the United States and will submit to the jurisdiction of the courts of the State of New York, in each case in connection with any action under U.S. securities laws, you may not be able to effect service of process on such persons or the Issuer within the United States in any action, including actions predicated on civil liability provisions of the U.S. federal and state securities laws or other laws.

Cayman Islands

The United States and the Cayman Islands do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Although there is no statutory enforcement in the Cayman Islands of judgments obtained in New York or other states in the United States, a judgment obtained in such jurisdictions may be recognised and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment: (i) is given by a foreign court of competent jurisdiction; (ii) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given; (iii) is final; (iv) is not in respect of taxes, a fine or a penalty; and (v) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.

A Cayman Islands court may also stay proceedings if concurrent proceedings are being brought elsewhere.

Luxembourg

It may be possible for investors to effect service of process within Luxembourg upon the Guarantors provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of 15 November 1965 is complied with.

A valid judgment against an issuer incorporated in Luxembourg with respect to the Notes obtained from a court of competent jurisdiction in the United States remains in full force and effect after all appeals as may be taken in the relevant state or federal jurisdiction with respect thereto have been taken, may be entered and enforced through a court of competent jurisdiction of Luxembourg, subject to compliance with the enforcement procedures (*exequatur*) set out in Article 678 et seq. of the Luxembourg New Code of Civil Procedure (*Nouveau Code de Procédure Civile*), being:

- the U.S. court has applied the substantive law as designated by the Luxembourg conflict of laws rules;
- the U.S. court has acted in accordance with its own procedural laws;
- the U.S. court order or judgment must not result from an evasion of Luxembourg law (*fraude à la loi*);
- the U.S. court awarding the judgment has jurisdiction to adjudicate the respective matter under its applicable laws, and such jurisdiction is recognised by Luxembourg private international and local law;
- the judgment is enforceable in the jurisdiction where the decision has been rendered;
- the judgment was granted following proceedings where the defendant had the opportunity to appear, was granted the necessary time to prepare its case and, if it appeared, could present a defence; and
- the considerations of the foreign order as well as the judgment do not contravene international public policy as understood under the laws of Luxembourg or has been given in proceedings of a criminal or tax nature.

If an original action is brought in Luxembourg, Luxembourg courts may refuse to apply the designated law if its application contravenes Luxembourg's international public policy. In an action brought in Luxembourg on the basis of U.S. federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought.

Northern Ireland

The United States and the UK do not have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters (although the United States and the UK are both parties to the New York Convention on Arbitral Awards). Any judgment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities law, would not be directly enforceable in Northern

Ireland. In order to enforce such a monetary judgment in Northern Ireland, under common law rules proceedings must be initiated by way of civil law action on the judgment debt before a court of competent jurisdiction in Northern Ireland (a "Northern Irish court"). Summary judgement may be applied for and in this type of action, a Northern Irish court generally will not (subject to the matters identified below) reinvestigate the merits of the original matter decided by a U.S. court if:

- the relevant U.S. court had territorial, procedural and substantive jurisdiction (under the UK rules of private international law applicable to Northern Ireland) to give the judgment; and

- the judgment is final and conclusive on the merits and is for a definite sum of money (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty or otherwise based on a U.S. law that a Northern Irish court considers to be a penal, revenue or other public law).

A Northern Irish court may refuse to enforce such a judgment for reasons including if it is established that:

- the enforcement of such judgment would contravene natural justice, public policy or statute in Northern Ireland;

- the enforcement of the judgment is prohibited by statute (including, without limitation, if the amount of the judgment has been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damage sustained);

- the Northern Irish proceedings were not commenced within the relevant limitation period;

- before the date on which the U.S. court gave judgment, the issues in question had been the subject of a final judgment of a Northern Irish court or of a court of another jurisdiction whose judgment is enforceable in Northern Ireland;

- the judgment has been obtained by fraud or in proceedings in which the principles of natural justice were breached;

- the bringing of proceedings in the relevant U.S. court was contrary to an agreement under which the dispute in question was to be settled otherwise than by proceedings in that court (to whose jurisdiction the judgment debtor did not submit); or

- an order has been made and remains effective under section 9 of the UK Foreign Judgments (Reciprocal Enforcement) Act 1933, applying that section to U.S. courts, including the relevant U.S. court.

If a Northern Irish court gives judgment for the sum payable under a U.S. judgment, the Northern Irish judgment will be enforceable by methods generally available for this purpose. In addition, it may not be possible to obtain a Northern Irish judgment or to enforce that judgment if the judgment debtor is or becomes subject to any insolvency or similar proceedings, or if the judgment debtor has any set-off or counterclaim against the judgment creditor.

Republic of Ireland

As the United States is not a party to a convention with the RoI in respect of the enforcement of judgments, common law rules apply in order to determine whether a judgment of the courts of the State of New York is enforceable in the RoI. A judgment of the courts of the State of New York will be enforced by the courts of the RoI if the following general requirements are met:

(i) the courts of the State of New York must have had jurisdiction in relation to the particular defendant according to RoI conflict of law rules (the submission to jurisdiction by the defendant would satisfy this rule); and

(ii) the judgment must be final and conclusive and the decree must be final and unalterable in the court which pronounces it. A judgment can be final and conclusive even if it is subject to appeal or even if an appeal is pending. Where however, the effect of lodging an appeal under the applicable law is to stay execution of the judgment, it is possible that, in the meantime, the judgment should not be actionable in the RoI. It remains to be determined whether final judgment given in default of appearance is final and conclusive.

However, the RoI courts may refuse to enforce a judgment of the courts of the State of New York which meets the above requirements for one of the following reasons:

(i) if the judgment is not for a definite sum of money;

(ii) if the judgment was obtained by fraud;

(iii) the enforcement of the judgment in the RoI would be contrary to natural or constitutional justice;

(iv) the judgment is contrary to RoI public policy or involves certain United States laws which will not be enforced in the RoI; or

(v) jurisdiction cannot be obtained by the Irish courts over the judgment debtors in the enforcement proceedings by personal service in the RoI or outside the RoI under Order 11 of the Superior Courts Rules.

AVAILABLE INFORMATION

Each purchaser of the Notes from an Initial Purchaser will be furnished a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum acknowledges that:

(1) such person has been afforded an opportunity to request and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to (1) above, no person has been authorised to give any information or to make any representation concerning the Notes offered hereby other than those contained herein, and, if given or made, such other information or representation should not be relied upon as having been authorised by the Issuer or the Initial Purchasers.

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, the Issuer will, during any period in which it is neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act nor exempt from the reporting requirements under Rule 12g3-2(b) under the U.S. Exchange Act, provide to the holder or beneficial owner of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act.

The Issuer is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture that will govern the Notes and so long as any Notes are outstanding, the Issuer will furnish periodic information to holders of the Notes. See "Description of the Notes—Certain Covenants—Reports".

Upon request, the Issuer will provide you with copies of the Indenture, the form of the Notes and any supplement thereto and the Intercreditor Agreement. You may request copies of such documents by contacting the Issuer at Paget-Brown Trust Company, Boundary Hall, Cricket Square, PO Box 1111, Grand Cayman KY1-1102, Cayman Islands, Tel: +1 (345) 949-5122.

LISTING AND GENERAL INFORMATION

Listing Information

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes for trading on the Euro MTF Market. Notice of any optional redemption, change of control or any change in the rate of interest payable on the notes will be published in a Luxembourg daily newspaper of general circulation (which is currently expected to be the *Luxemburger Wort*), or, to the extent and in the same manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange at (www.bourse.lu).

The Issuer has obtained all necessary consents, approvals, authorisations or other orders for the issue of the Notes and other documents to be entered into by the Issuer in connection with the Offering.

The Issuer will maintain a paying and transfer agent in Luxembourg for as long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange. The Issuer reserves the right to vary such appointment in accordance with the terms of the Indenture, and it will publish notice of such change of appointment in a daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Application may be made to the Luxembourg Stock Exchange to have the Notes removed from listing on the Official List of the Luxembourg Stock Exchange and from trading on the Euro MTF Market, including, if necessary, to avoid any new withholding taxes in connection with such listing.

As of the date of this Offering Memorandum, the Issuer's authorised share capital, including the issued share capital, consisted of 50,000 ordinary registered voting shares with a par value of £1.00 each. As of the date of this Offering Memorandum, 250 fully paid up ordinary registered voting shares were issued and outstanding.

According to Part I, Chapter 7; 703; Chapter 3, Article 19 of the Rules and Regulations of the Luxembourg Stock Exchange, the Notes will be freely transferable and negotiable on the Luxembourg Stock Exchange in accordance with applicable law.

The Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of its knowledge, except as otherwise noted, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum. This Offering Memorandum may only be used for the purposes for which it has been published.

For so long as the Notes are admitted for trading on the Euro MTF Market and remain listed on the Official List of the Luxembourg Stock Exchange, copies of the following documents may be inspected and obtained at the specified office of the listing agent in Luxembourg during normal business hours on any weekday:

- the organisational documents of the Issuer and the Guarantors;
- the Consolidated Financial Statements (corresponding to the fiscal years ended 31 March 2011 and 2010) as well as the quarterly accounts for the quarter ended 31 December 2011 and any interim quarterly financial statements published by VGIL;
- the Intercreditor Agreement;
- the Indenture (which includes the form of the Notes);
- the documents granting security interests to the holders of the Notes as described in this Offering Memorandum; and
- the Escrow Agreement.

Clearing Information

The Notes have been accepted for clearance through the facilities of DTC, Euroclear and Clearstream. The international securities identification number, common code and CUSIP numbers for the Notes sold are as follows:

Note	ISIN	Common Code	CUSIP
Euro Rule 144A	XS0752224591	075222459	—
Euro Regulation S	XS0752223940	075222394	—

Dollar Rule 144A...	US92827AAA34	075242166	92827A AA3
Dollar Regulation S	USG9366AAA72	075242468	G9366A AA7

Legal Information

1. The Notes have been issued by virtue of a resolution of the board of directors of the Issuer passed on 21 February 2012.

2. Copies of the annual and quarterly reports required to be delivered under the covenant described under "Description of the Notes—Certain Covenants—Reports" will be available free of charge at the offices of the paying agent in Luxembourg.

3. The Issuer will deposit copies of this Offering Memorandum and the Indenture (which includes the Form of the Notes) with the paying agent in Luxembourg. Copies of these documents will be available free of charge at the offices of the paying agent in Luxembourg.

4. The Issuer is a holding company with no operations of its own.

Guarantor Information

The following table lists the Guarantors, along with their date of incorporation or formation, address of registered office, company or business number and primary activities.

Name	Date of Incorporation, Amalgamation or Formation	Address of Registered Office	Company/ Business Number	Primary Activities
Viridian Group Investments Limited	31 July 2007	c/o Paget-Brown Trust Company Boundary Hall Cricket Square PO Box 1111 Grand Cayman KY1-1102 Cayman Islands	192375	Holding company
Viridian Group FundCo I Limited	9 June 2011	c/o Paget-Brown Trust Company Boundary Hall Cricket Square PO Box 1111 Grand Cayman KY1-1102 Cayman Islands	257707	Holding company
Viridian Group FundCo III Limited	9 June 2011	c/o Paget-Brown Trust Company Boundary Hall Cricket Square PO Box 1111 Grand Cayman KY1-1102 Cayman Islands	257712	Holding company
EI Ventures Limited	18 July 2006	15 Sloane Square London SW1W 8ER United Kingdom	5879138	Holding company for the UK businesses of the Viridian Group Holdings Limited
Huntstown Power Company Limited	18 April 1997	Mill House Ashtowngate Navan Road Dublin15 Republic of Ireland	265062	Generation of electricity in respect of the Group's 343MW Huntstown CCGT plant
Viridian Power and Energy Holdings Limited	1 August 2007	Mill House Ashtowngate Navan Road Dublin 15 Republic of Ireland	444149	Holding company
Viridian Power Limited	15 March 2000	Mill House Ashtowngate Navan Road Dublin 15 Republic of Ireland	323213	Generation of electricity
Viridian Energy Limited	27 April 1999	Mill House Ashtowngate Navan Road Dublin 15 Republic of Ireland	306035	Supply of electricity and gas to industrial and commercial customers in the RoI

Power and Energy Holdings (RoI) Limited	8 June 2000	Mill House Ashtowngate Navan Road Dublin 15 Republic of Ireland	328480	Generation development and holding company
Viridian Group Limited	14 November 1997	Greenwood House 64 Newforge Lane Belfast BT9 5NF	NI 33250	Holding company
Viridian Power and Energy Limited	19 June 1997	Greenwood House 64 Newforge Lane Belfast BT9 5NF	NI 032563	Holding Company
Viridian Energy Supply Limited	12 March 1999	Greenwood House 64 Newforge Lane Belfast BT9 5NF	NI 35800	Supply of electricity and gas to industrial and commercial customers in Northern Ireland
ElectricInvest (Lux) ROI S.à r.l.	7 December 2007	6C Parc d'Activités Syrdall Munsbach Luxembourg L-5365 Grand Duchy of Luxembourg	B 134 683	Acquisition and management of participations, interests and units, in Luxembourg or abroad, in any form whatsoever

Auditors

The Consolidated Financial Statements have been audited by Ernst & Young LLP.

No Material Adverse Change

Except as otherwise disclosed in this Offering Memorandum, there has been no material adverse change in the financial condition the Group or of Viridian since 31 December 2011, the date of the last unaudited quarterly accounts.

Litigation

Except as otherwise disclosed in this Offering Memorandum, neither Viridian, the Group nor the Issuer are involved in, and has no knowledge of, any threatened litigation, administrative proceedings or arbitration which would have a material adverse impact on its results of operations or financial condition. See "Business—Legal Proceedings".

INDEX TO FINANCIAL STATEMENTS

Viridian Group Investments Limited

Unaudited Accounts

Nine months ended

31 December 2011

GROUP PROFIT AND LOSS ACCOUNT

	Pre-Exceptional 9 months ended 31 Dec 2011 Unaudited	Exceptional 9 months ended 31 Dec 2011 Unaudited	Total 9 months ended 31 Dec 2011 Unaudited	Pre-exceptional 9 months ended 31 Dec 2010 Unaudited	Exceptional 9 months ended 31 Dec 2010 Unaudited	Total 9 months ended 31 Dec 2010 Unaudited	Pre-exceptional year ended 31 Mar 2011 Audited	Exceptional year ended 31 Mar 2011 Audited	Total year ended 31 Mar 2011 Audited
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Turnover:									
Continuing operations—total	**1,291.1**	**—**	**1,291.1**	1,315.5	—	1,315.5	1,808.2	—	1,808.2
Sales to discontinued operations	**—**	**—**	**—**	(30.3)	—	(30.3)	(30.3)	—	(30.3)
	1,291.1	**—**	**1,291.1**	1,285.2	—	1,285.2	1,777.9	—	1,777.9
Discontinued operations—total	**—**	**—**	**—**	177.3	—	177.3	177.3	—	177.3
Sales to continuing operations	**—**	**—**	**—**	(108.9)	—	(108.9)	(108.9)	—	(108.9)
	—	**—**	**—**	68.4	—	68.4	68.4	—	68.4
GROUP TURNOVER	**1,291.1**	**—**	**1,291.1**	1,353.6	—	1,353.6	1,846.3	—	1,846.3
Operating costs	**(1,241.2)**	**(7.8)**	**(1,249.0)**	(1,237.0)	(19.1)	(1,256.1)	(1,700.6)	(22.6)	(1,723.2)
Operating profit/(loss) before goodwill amortisation:									
Continuing operations	**49.9**	**(7.8)**	**42.1**	67.6	(19.1)	48.5	96.7	(22.6)	74.1
Discontinued operations	**—**	**—**	**—**	49.0	—	49.0	49.0	—	49.0
	49.9	**(7.8)**	**42.1**	116.6	(19.1)	97.5	145.7	(22.6)	123.1
Goodwill amortisation	**(25.2)**	**—**	**(25.2)**	(46.5)	—	(46.5)	(55.6)	—	(55.6)
OPERATING PROFIT/(LOSS)									
Continuing operations	**24.7**	**(7.8)**	**16.9**	43.3	(19.1)	24.2	63.3	(22.6)	40.7
Discontinued operations	**—**	**—**	**—**	26.8	—	26.8	26.8	—	26.8
	24.7	**(7.8)**	**16.9**	70.1	(19.1)	51.0	90.1	(22.6)	67.5
Profit on disposal of discontinued operations	**—**	**—**	**—**	—	25.1	25.1	—	25.1	25.1
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX	**24.7**	**(7.8)**	**16.9**	70.1	6.0	76.1	90.1	2.5	92.6
Net interest payable	**(37.9)**	**—**	**(37.9)**	(87.3)	—	(87.3)	(97.3)	—	(97.3)
Net pension scheme interest	**(0.1)**	**—**	**(0.1)**	(3.8)	—	(3.8)	(3.7)	—	(3.7)
Exceptional finance costs	**—**	**(42.8)**	**(42.8)**	—	(168.1)	(168.1)	—	(176.7)	(176.7)
	(38.0)	**(42.8)**	**(80.8)**	(91.1)	(168.1)	(259.2)	(101.0)	(176.7)	(277.7)
LOSS ON ORDINARY ACTIVITIES BEFORE TAX	**(13.3)**	**(50.6)**	**(63.9)**	(21.0)	(162.1)	(183.1)	(10.9)	(174.2)	(185.1)
Tax (charge)/credit on loss on ordinary activities	**(1.6)**	**3.0**	**1.4**	(13.5)	4.2	(9.3)	(14.9)	4.6	(10.3)
LOSS FOR THE FINANCIAL PERIOD	**(14.9)**	**(47.6)**	**(62.5)**	(34.5)	(157.9)	(192.4)	(25.8)	(169.6)	(195.4)

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	9 months ended 31 Dec 2011 Unaudited	9 months ended 31 Dec 2010 Unaudited	Year ended 31 March 2011 Audited
	£m	**£m**	**£m**
Loss for the financial period	**(62.5)**	(192.4)	(195.4)
Exchange difference on retranslation of foreign subsidiaries	**16.4**	11.6	3.0
Exchange difference on loan hedged against foreign subsidiary	**(13.7)**	(2.3)	4.2
Actuarial (loss)/gain on pension scheme assets and liabilities	**(1.7)**	131.1	131.1
Deferred tax credit/(charge) on actuarial (loss)/gain on pension scheme assets and liabilities	**0.4**	(35.2)	(35.3)
Effect of decreased tax rate on opening deferred tax liability	**—**	(2.3)	(2.3)
Total recognised losses relating to the period	**(61.1)**	(89.5)	(94.7)

GROUP BALANCE SHEET

	As at 31 Dec 2011 Unaudited	As at 31 Dec 2010 Unaudited	As at 31 March 2011 Audited
	£m	£m	£m
Fixed assets			
Intangible assets	**535.6**	557.2	563.1
Tangible assets	**383.1**	386.5	402.5
Other investment	**0.9**	0.9	0.9
	919.6	944.6	966.5
Current assets			
Stocks	**9.9**	9.6	10.5
Debtors—due within one year	**272.4**	214.1	216.0
—due after more than one year	**113.3**	114.7	116.6
Investments	**110.4**	151.1	43.2
Cash at bank and in hand	**13.2**	20.7	16.5
	519.2	510.2	402.8
Creditors (amounts falling due within one year)	**(1,299.1)**	(1,268.4)	(1,180.7)
Net current liabilities	**(779.9)**	(758.2)	(777.9)
Total assets less current liabilities	**139.7**	186.4	188.6
Creditors (amounts falling due after more than one year)	**(47.0)**	(28.3)	(33.5)
Provisions for liabilities and charges	**(10.2)**	(10.8)	(10.3)
Deferred taxation	**(17.1)**	(16.2)	(19.5)
Deferred income	**(0.2)**	(0.2)	(0.2)
Net assets excluding pension liability	**65.2**	130.9	125.1
Defined benefit pension liability	**(2.0)**	(1.4)	(0.8)
NET ASSETS	**63.2**	129.5	124.3
Equity			
Called up share capital	**—**	—	—
Share premium	**510.0**	510.0	510.0
Profit and loss account	**(446.8)**	(380.5)	(385.7)
TOTAL EQUITY	**63.2**	129.5	124.3

The interim accounts were approved by the Board of directors and authorised for issue on 12 February 2012. They were signed on its behalf by:

Mohammed Chowdhury
Director
Date: 12 February 2012

GROUP CASH FLOW STATEMENT

	9 months ended 31 Dec 2011 Unaudited	9 months ended 31 Dec 2010 Unaudited	Year Ended 31 March 2011 Audited
	£m	**£m**	**£m**
Cash flow from operating activities	**36.4**	170.4	188.0
Returns on investments and servicing of finance			
Interest received	**1.7**	1.2	2.3
Interest paid	**(24.2)**	(69.6)	(83.6)
Issue costs on new long-term loans	**(0.2)**	(0.7)	(2.0)
Exceptional refinancing costs	**(8.2)**	—	—
Exceptional settlement of swap accretion	**—**	(69.3)	(69.3)
Exceptional finance costs	**(43.9)**	—	(8.6)
	(74.8)	(138.4)	(161.2)
Taxation	**(1.0)**	(3.1)	(5.1)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	**(19.0)**	(104.8)	(114.2)
Purchase of intangible assets	**(21.1)**	(15.0)	(30.4)
Proceeds from disposal of intangible assets	**20.1**	17.0	18.1
Contributions in respect of tangible fixed assets	**—**	15.5	15.5
Loan receivable from fellow subsidiary	**0.1**	(114.7)	(116.6)
	(19.9)	(202.0)	(227.6)
Acquisitions and disposals			
Sale of subsidiary undertaking	**(3.2)**	1,039.0	1,031.8
Net cash disposed of with subsidiary undertaking	**—**	(9.0)	(9.0)
	(3.2)	1,030.0	1,022.8
Cash (outflow)/inflow before use of liquid resources and financing	**(62.5)**	869.5	816.9
Management of liquid resources			
(Increase)/decrease in bank deposits	**(68.8)**	(76.1)	33.4
(Increase)/decrease in short-term managed funds	**(0.2)**	0.1	0.3
	(69.0)	(76.1)	33.7
Financing			
Receipts from loans	**146.7**	95.8	111.6
Repayment of loans	**(18.5)**	(868.8)	(958.6)
	128.2	(773.0)	(847.0)
(Decrease)/increase in cash in the period	**(3.3)**	7.8	3.6
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period	**(3.3)**	7.8	3.6
Cash (outflow)/inflow from movement in net loans	**(128.3)**	887.7	963.6
Cash inflow/(outflow) from movement in liquid resources	**69.0**	76.1	(33.7)
Change in net debt resulting from cash flows	**(62.6)**	971.6	933.5
Disposal of subsidiaries	**—**	192.4	192.4
(Increase)/decrease in interest accruals (including swap accretion)	**(11.5)**	58.6	58.9
Amortisation of financing charges	**(0.8)**	(3.9)	(5.2)
Issue costs on new loans included in net debt	**0.2**	0.7	2.0
Translation difference	**16.5**	21.7	11.2
Movement in net debt in the period	**(58.2)**	1,241.1	1,192.8
Net debt at beginning of period	**(761.3)**	(1,954.1)	(1,954.1)
Net debt at end of period	**(819.5)**	(713.0)	(761.3)

NOTES TO THE ACCOUNTS

1. Basis of Preparation

The interim accounts for the nine months ended 31 December 2011 have been prepared in accordance with the Accounting Standards Board (ASB) Statement "Half-Yearly" Financial Reports.

The interim accounts consolidate the results of the Company and its subsidiary undertakings (the Group).

The interim accounts have been prepared on the basis of the accounting policies set out in the accounts for the year ended 31 March 2011.

The interim accounts have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on "Review of Interim Financial Information performed by the Independent Auditor of the Entity".

The information shown for the year ended 31 March 2011 has been extracted from the Group's annual report for the year ended 31 March 2011. The report of the auditors on the accounts contained within the Group's annual report for the year ended 31 March 2011 was unqualified but did contain an emphasis of matter paragraph regarding disclosures in the Group's annual report relating to the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Applicability of going concern basis

The Group's day to day operations are funded by way of a senior bank facility, borrowings from its immediate parent company, Viridian Group Holdings Limited ("VGHL"), and its own cash generated from trading activities.

The Group's senior bank facility, which amounted to £449.8m at 31 December 2011 (31 March 2011—£340.9m), was due to expire in December 2011 but has been extended and now falls due for repayment in November 2012 and as such is reflected as a current liability in the Group's Balance Sheet. Funding from VGHL amounted to £541.4m at 31 December 2011 (31 March 2011—£543.2m) and is also shown as a current liability in the Group Balance Sheet. As a result the Group Balance Sheet shows net current liabilities of £779.9m at 31 December 2011 (31 March 2011—net current liabilities of £777.9m). In addition VGHL provides security by way of a second ranking charge over its shareholding in the Company to a group of third party lenders to VGHL ("the junior bank facility lenders") and balances outstanding to these lenders under the junior bank facility amounted to £548.8m at 31 December 2011 (31 March 2011—£563.1m) all of which falls due for repayment in December 2012. VGHL's only source of funds to enable repayment to the junior bank facility lenders is from its investment in the Group.

The Directors have considered the re-financing options available to the Group in light of the expiry of the senior bank facility in November 2012 and VGHL's junior bank facility in December 2012. These include the raising of new debt and negotiating the rollover of existing facilities including the junior bank facility. Financial and legal advisers have been appointed to assist the Directors in completing the re-financing of the Group on a longer term basis. Discussions have taken place with the Group's existing and other third party banks. To support the re-financing and since 31 March 2011 the Group's ultimate controlling party Arcapita Bank B.S.C. (c) (Arcapita) have provided £118m of equity funds (based on prevailing exchange rates at December 2011) to an affiliated company of the Group and Arcapita have confirmed that this funding will be introduced to the Group as part of the refinancing.

The refinancing process is significantly progressed and based on this progress, feedback from lenders to date and input from the Group's advisors the Directors reasonably expect the refinancing of the senior bank facility and junior bank facility will be achieved before they expire in November and December 2012 respectively. The Group's forecasts and projections, taking into account possible changes in trading performance, show that should the Group be able to complete the refinancing it will have adequate financial resources to enable it to continue to trade for the foreseeable future.

There is a material uncertainty regarding the completion of the refinancing of the Group as outlined above and hence casts significant doubt upon the Group's ability to continue as a going concern. The interim accounts do not contain the adjustments that would result if the Group was unable to continue as a going concern. Nevertheless after making enquiries, which have included discussions with financial advisers and Arcapita and confirmation from the Group's advisors that the refinancing should be successful, the Directors have a reasonable expectation that the refinancing will be completed and new financing arrangements entered into in respect of the Group to enable it to meet its liabilities as they fall due. Accordingly, the Directors continue to adopt the going concern basis in preparing the interim report and accounts.

2. Segmental Information

The Group's operating businesses are organised and managed separately according to the nature of the goods and services provided as described in the Business Reviews.

Inter-segment pricing is determined on an arm's length basis.

Turnover, profit before depreciation, amortisation, exceptional items, interest and tax, exceptional operating costs, depreciation/amortisation and operating profit/(loss) on ordinary activities before interest and tax are analysed between the businesses as follows:

	External 9 months ended 31 Dec 2011 Unaudited	**Sales to continuing operations 9 months ended 31 Dec 2011 Unaudited**	**Sales to discontinued operations 9 months ended 31 Dec 2011 Unaudited**	**Total 9 months ended 31 Dec 2011 Unaudited**	**External 9 months ended 31 Dec 2010 Unaudited**	**Sales to continuing operations 9 months ended 31 Dec 2010 Unaudited**	**Sales to discontinued operations 9 months ended 31 Dec 2010 Unaudited**	**Total 9 months ended 31 Dec 2010 Unaudited**	**External year ended 31 March 2011 Audited**	**Sales/(rebates) to continuing operations year ended 31 March 2011 Audited**	**Sales to discontinued operations year ended 30 March 2011 Audited**	**Total year ended 31 March 2011 Audited**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Turnover												
Continuing operations:												
—VP&E	**775.1**	**1.4**	**—**	**776.5**	712.0	2.7	0.2	714.9	981.4	3.2	0.2	984.8
—NIE Energy	**516.0**	**—**	**—**	**516.0**	573.2	—	30.1	603.3	796.5	(0.1)	30.1	826.5
—Other	**—**	**—**	**—**	**—**	—	—	—	—	—	—	—	—
—Inter-group elimination	**—**	**(1.4)**	**—**	**(1.4)**	—	(2.7)	—	(2.7)	—	(3.1)	—	(3.1)
Continuing operations turnover	**1,291.1**	**—**	**—**	**1,291.1**	1,285.2	—	30.3	1,315.5	1,777.9	—	30.3	1,808.2
Discontinued operations:												
—NIE	**—**	**—**	**—**	**—**	49.7	108.9	0.2	158.8	49.7	108.9	0.2	158.8
—Powerteam	**—**	**—**	**—**	**—**	18.4	—	38.4	56.8	18.4	—	38.4	56.8
—Other	**—**	**—**	**—**	**—**	0.3	—	—	0.3	0.3	—	—	0.3
—Inter-group elimination	**—**	**—**	**—**	**—**	—	—	(38.6)	(38.6)	—	—	(38.6)	(38.6)
Discontinued operations turnover	**—**	**—**	**—**	**—**	68.4	108.9	—	177.3	68.4	108.9	—	177.3
Inter-group elimination	**—**	**—**	**—**	**—**	—	(108.9)	(30.3)	(139.2)	—	(108.9)	(30.3)	(139.2)
Group turnover	**1,291.1**	**—**	**—**	**1,291.1**	1,353.6	—	—	1,353.6	1,846.3	—	—	1,846.3

2. Segmental Information

	9 months ended 31 Dec 2011 Unaudited	9 months ended 31 Dec 2010 Unaudited	Year ended 31 March 2011 Audited
	£m	£m	£m
Profit before depreciation, amortisation, exceptional items, interest and tax			
Continuing operations:			
—VP&E	**67.7**	58.5	79.0
—NIE Energy	**2.4**	30.5	46.2
—Other	**(1.5)**	(1.5)	(3.1)
	68.6	87.5	122.1
Discontinued operations:			
—NIE	**—**	81.6	81.6
—Powerteam	**—**	3.0	3.0
—Other	**—**	—	—
—Inter-group elimination	**—**	(1.1)	(1.1)
	—	83.5	83.5
Group profit before depreciation, amortisation, exceptional items, interest and tax	**68.6**	171.0	205.6
Exceptional operating costs			
Continuing operations:			
—VP&E	**(7.8)**	(10.3)	(13.8)
—NIE Energy	**—**	(5.7)	(5.7)
—Other	**—**	(3.1)	(3.1)
Group exceptional operating costs	**(7.8)**	(19.1)	(22.6)
Depreciation/amortisation			
Continuing operations:			
—VP&E	**(18.7)**	(19.9)	(25.4)
	(18.7)	(19.9)	(25.4)
Discontinued operations:			
—NIE	**—**	(33.9)	(33.9)
—Powerteam	**—**	(0.9)	(0.9)
—Other	**—**	—	—
—Inter-group elimination	**—**	0.3	0.3
	—	(34.5)	(34.5)
Group depreciation/amortisation	**(18.7)**	(54.4)	(59.9)
Operating profit/(loss) post exceptional operating costs			
Continuing operations:			
—VP&E	**41.2**	28.3	39.8
—NIE Energy	**2.4**	24.8	40.5
—Other	**(1.5)**	(4.6)	(6.2)
	42.1	48.5	74.1
Discontinued operations:			
—NIE	**—**	47.7	47.7
—Powerteam	**—**	2.1	2.1
—Inter-group elimination	**—**	(0.8)	(0.8)
	—	49.0	49.0
Group operating profit post exceptional operating costs	**42.1**	97.5	123.1
Goodwill amortisation			
—continuing operations	**(25.2)**	(24.3)	(33.4)
—discontinued operations	**—**	(22.2)	(22.2)
	(25.2)	(46.5)	(55.6)
Group operating profit	**16.9**	51.0	67.5
Profit on disposal of discontinued operations	**—**	25.1	25.1
Profit on ordinary activities before interest and tax	**16.9**	76.1	92.6
Net interest payable	**(37.9)**	(87.3)	(97.3)
Net pension scheme interest	**(0.1)**	(3.8)	(3.7)
Exceptional finance costs	**(42.8)**	(168.1)	(176.7)

	(80.8)	(259.2)	(277.7)
Loss profit on ordinary activities before tax	**(63.9)**	(183.1)	(185.1)

In addition to the disclosures given above, the directors believe the following analysis of the Group's regulated businesses' turnover and operating profit according to regulated entitlement is relevant to understanding the Group's results:

The adjustment for over/(under)-recovery represents the amount by which the regulated businesses over/(under)-recovered against their regulated entitlement.

Based on regulated entitlement:

	Turnover			Operating profit pre-exceptional operating costs			Profit/(loss) before depreciation, amortisation, exceptional items, interest and tax		
	9 months ended 31 Dec 2011 Unaudited	9 months ended 31 Dec 2010 Unaudited	Year ended 31 March 2011 Audited	9 months ended 31 Dec 2011 Unaudited	9 months ended 31 Dec 2010 Unaudited	Year ended 31 March 2011 Audited	9 months ended 31 Dec 2011 Unaudited	9 months ended 31 Dec 2010 Unaudited	Year ended 31 March 2011 Audited
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Continuing Operations:									
—VP&E	**776.5**	714.9	984.8	**49.0**	38.6	53.6	**67.7**	58.5	79.0
—Power NI	**375.7**	391.9	539.5	**14.9**	14.6	19.0	**14.9**	14.6	19.0
—Power Procurement	**157.2**	201.1	266.8	**4.4**	4.2	6.0	**4.4**	4.2	6.0
—Inter-business elimination	—	(1.4)	(1.0)	—	—	—	—	—	—
—NIE Energy	**532.9**	591.6	805.3	**19.3**	18.8	25.0	**19.3**	18.8	25.0
—Other	—	—	—	**(1.5)**	(1.5)	(3.1)	**(1.5)**	(1.5)	(3.1)
—Inter-group elimination	**(1.4)**	(2.7)	(3.1)	—	—	—	—	—	—
	1,308.0	1,303.8	1,787.0	**66.8**	55.9	75.5	**85.5**	75.8	100.9
Adjustment for (under)/over-recovery	**(16.9)**	11.7	21.2	**(16.9)**	11.7	21.2	**(16.9)**	11.7	21.2
Total continuing operations	**1,291.1**	1,315.5	1,808.2	**49.9**	67.6	96.7	**68.6**	87.5	122.1
Discontinued operations:									
—NIE	—	174.5	174.5	—	63.4	63.4	—	97.3	97.3
—Powerteam	—	56.8	56.8	—	2.1	2.1	—	3.0	3.0
—Other	—	0.3	0.3	—	—	—	—	—	—
—Inter-business elimination	—	(38.6)	(38.6)	—	(0.8)	(0.8)	—	(1.1)	(1.1)
	—	193.0	193.0	—	64.7	64.7	—	99.2	99.2
Adjustment for under-recovery	—	(15.7)	(15.7)	—	(15.7)	(15.7)	—	(15.7)	(15.7)
Total discontinued operations	—	177.3	177.3	—	49.0	49.0	—	83.5	83.5

3. Operating Costs

Operating costs are analysed as follows:

9 months ended 31 Dec 2011 Unaudited

	External continuing operations	Transactions with discontinued operations	Total continuing	External discontinued operations	Transactions with continuing operations	Total discontinued	Interbusiness elimination	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Energy costs	**1,156.0**	**—**	**1,156.0**	**—**	**—**	**—**	**—**	**1,156.0**
Employee costs (note 5)	**14.8**	**—**	**14.8**	**—**	**—**	**—**	**—**	**14.8**
Depreciation and amortisation	**18.7**	**—**	**18.7**	**—**	**—**	**—**	**—**	**18.7**
Other operating charges	**51.7**	**—**	**51.7**	**—**	**—**	**—**	**—**	**51.7**
Total pre exceptional	**1,241.2**	**—**	**1,241.2**	**—**	**—**	**—**	**—**	**1,241.2**
Exceptional costs (note 4):								
Energy costs	**7.8**	**—**	**7.8**	**—**	**—**	**—**	**—**	**7.8**
	7.8	**—**	**7.8**	**—**	**—**	**—**	**—**	**7.8**
Total	**1,249.0**	**—**	**1,249.0**	**—**	**—**	**—**	**—**	**1,249.0**

9 months ended 31 Dec 2010 Unaudited

	External continuing operations	Transactions with discontinued operations	Total continuing	External discontinued operations	Transactions with continuing operations	Total discontinued	Interbusiness elimination	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Energy costs	1,060.7	107.5	1,168.2	—	—	—	(107.5)	1,060.7
Employee costs (note 5)	12.9	—	12.9	23.1	—	23.1	—	36.0
Depreciation and amortisation	19.9	—	19.9	34.5	—	34.5	—	54.4
Other operating charges	41.1	5.8	46.9	44.8	25.9	70.7	(31.7)	85.9
Total pre exceptional	1,134.6	113.3	1,247.9	102.4	25.9	128.3	(139.2)	1,237.0
Exceptional costs (note 4):								
Energy costs	6.9	—	6.9	—	—	—	—	6.9
Employee costs	12.2		12.2	—	—	—	—	12.2
	19.1	—	19.1	—	—	—	—	19.1
Total	1,153.7	113.3	1,267.1	102.4	25.9	128.3	(139.2)	1,256.1

Year ended 31 March 2011 Audited

	External continuing operations	Transactions with discontinued operations	Total continuing	External discontinued operations	Transactions with continuing operations	Total discontinued	Interbusiness elimination	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Energy costs	1,499.7	107.5	1,607.2	—	—	—	(107.5)	1,499.7
Employee costs (note 5)	18.8	—	18.8	23.1	—	23.1	—	41.9
Depreciation and amortisation	25.4	—	25.4	34.5	—	34.5	—	59.9
Other operating charges	54.3	5.8	60.1	44.8	25.9	70.7	(31.7)	99.1

Total pre exceptional	1,598.2	113.3	1,711.5	102.4	25.9	128.3	(139.2)	1,700.6
Exceptional costs (note 4):								
Energy costs	10.4	—	10.4	—	—	—	—	10.4
Employee costs	12.2	—	12.2	—	—	—	—	12.2
	22.6	—	22.6	—	—	—	—	22.6
Total	1,620.8	113.3	1,734.1	102.4	25.9	128.3	(139.2)	1,723.2

4. Exceptional items

	9 months ended 31 Dec 2011 Unaudited	9 months ended 31 Dec 2010 Unaudited	Year ended 31 March 2011 Audited
	£m	£m	£m
Recognised before arriving at operating profit:			
—Pension scheme settlements	—	(12.2)	(12.2)
—Carbon revenue levy	**(7.8)**	(6.9)	(10.4)
	(7.8)	(19.1)	(22.6)
Recognised after arriving at operating profit:			
—Profit on disposal of discontinued operations	—	25.1	25.1
—Exceptional finance costs	**(42.8)**	(168.1)	(176.7)

Following the disposal of NIE and Powerteam, NIE became the principal employer of the NIE Pension Scheme (formerly Viridian Group Pension Scheme). Under the terms of the sale, all members in deferment and in payment continued to participate in the NIE Pension Scheme. Active members who are employees of the continuing operations were also entitled to continue to participate in the NIE Pension scheme or transfer to a new pension scheme established to provide similar benefits to the NIE Pension Scheme. Settlements of £12.2m arose in respect of the obligations of the continuing operations relating to active, deferred and in payment members who remained in the NIE Pension Scheme.

On 1 July 2010 the RoI Government introduced a carbon revenue levy on generators. The levy is scheduled to run until 31 December 2012 and is calculated based on 65% of the volume of CO2 emitted by generators multiplied by the average price of CO2. The impact of the carbon revenue levy on operating profit for the period ended 31 December 2011 was £7.8m (2010—£6.9m).

Profit on disposal of discontinued operations, £25.1m, relates to the sale of NIE and Powerteam to ESB on 21 December 2010 as detailed in note 10.

Exceptional finance costs for the year ended 31 March 2011 of £176.7m arises in respect of compensation given to NIE in return for the novation of out of the money interest rate swaps as part of the disposal of that business to ESB (£168.1m) and the close out of fixed rate swaps (£8.6m).

Exceptional finance costs for the period ended 31 December 2011, £42.8m (2010—£nil) arose in respect of the close out of fixed interest rate swaps (£33.9m) and the extension of the senior bank facility (£8.9m).

The tax credit in the profit and loss account relating to exceptional items is:

	9 months ended 31 Dec 2011 Unaudited	9 months ended 31 Dec 2010 Unaudited	Year ended 31 March 2011 Audited
	£m	£m	£m
—Finance costs	**2.0**	—	—
—Pension scheme settlements	—	3.3	3.3
—Carbon revenue levy	**1.0**	0.9	1.3
	3.0	4.2	4.6

There was no tax charge or credit arising in respect of the profit on disposal of discontinued operations or the exceptional finance costs in the year ended 31 March 2011.

5. Employees

Employee costs (pre exceptional costs)

	9 months ended 31 Dec 2011 Unaudited	9 months ended 31 Dec 2010 Unaudited	Year ended 31 March 2011 Audited
	£m	£m	£m
Salaries	**12.6**	46.4	51.5
Social security costs	**1.4**	4.7	5.2
Pension costs			
—defined contribution plans	**0.7**	1.9	2.1
—defined benefit plans	**0.5**	6.4	6.7
	15.2	59.4	65.5
Less: charged to the balance sheet	**(0.4)**	(23.4)	(23.6)
Charged to the profit and loss account	**14.8**	36.0	41.9

Employee numbers

	Actual headcount as at			Average during the period		
	31 Dec 2011 Unaudited	31 Dec 2010 Unaudited	31 March 2011 Audited	31 Dec 2011 Unaudited	31 Dec 2010 Unaudited	31 March 2011 Audited
	Number	Number	Number	Number	Number	Number
Continuing:						
NIE Energy	**154**	146	152	**154**	144	145
VP&E	**192**	190	192	**191**	190	190
Other	**20**	14	15	**18**	—	4
	366	350	359	**363**	334	339
Discontinued:						
NIE	**—**	—	—	**—**	265	198
Powerteam	**—**	—	—	**—**	1,055	792
Other	**—**	—	—	**—**	4	3
	—	—	—	**—**	1,324	993
Total	**366**	350	359	**363**	1,658	1,332

6. Net Interest Payable

	9 months ended 31 Dec 2011 Unaudited	9 months ended 31 Dec 2010 Unaudited	Year ended 31 March 2011 Audited
	£m	£m	£m
Interest receivable			
Bank interest	**1.0**	0.5	0.9
Loan to fellow subsidiary	**4.9**	0.6	1.5
	5.9	1.1	2.4
Interest payable			
Bank loans and borrowings	**(9.3)**	(12.3)	(14.3)
Interest payable to parent undertaking	**(22.1)**	(20.5)	(27.2)
Eurobond	**—**	(8.7)	(8.7)
	(31.4)	(41.5)	(50.2)
Less: charged to balance sheet	**2.5**	1.3	1.8
Interest payable charged to the profit and loss account	**(29.0)**	(40.2)	(48.4)
Swap accretion	**—**	(20.1)	(20.1)
Interest rate swaps	**(6.7)**	(21.5)	(25.9)
Exchange on net foreign currency borrowings			
Net exchange (loss)/gain on net foreign currency borrowings	**(20.2)**	(4.3)	5.3
Less: charged/(credited) to the statement of total recognised gains and losses	**13.7**	2.3	(4.2)
Net exchange (loss)/gain (charged)/credited to the profit and loss account	**(6.5)**	(2.0)	1.1

Other finance costs			
Amortisation of financing charges	**(0.9)**	(3.9)	(5.2)
Unwinding of discount on decommissioning provision	**(0.3)**	(0.3)	(0.3)
Other finance charges	**(0.4)**	(0.5)	(0.9)
Total other finance costs	**(1.6)**	(4.7)	(6.4)
Net interest payable	**(37.9)**	(87.3)	(97.3)

7. Tax Credit/(charge)

	9 months ended 31 Dec 2011 Unaudited	9 months ended 31 Dec 2010 Unaudited	Year ended 31 March 2011 Audited
	£m	£m	£m
Tax on profit on ordinary activities			
Current tax charge			
Corporation tax	**—**	(8.1)	(8.4)
Corporation tax over provided in previous years	**—**	—	2.0
	—	(8.1)	(6.4)
Deferred tax credit/(charge)			
Origination and reversal of timing differences in current year	**1.0**	(6.1)	(8.8)
Origination and reversal of timing differences in prior year	**0.4**	—	—
Effect of decreased rate on opening liability	**—**	4.9	4.9
	1.4	(1.2)	(3.9)
Tax credit/(charge) on profit on ordinary activities	**1.4**	(9.3)	(10.3)
Relating to continuing operations	**1.4**	(4.3)	(5.3)
Relating to discontinued operations	**—**	(5.0)	(5.0)
	1.4	(9.3)	(10.3)

The effective tax rate in each interim period is based on an estimate of the likely tax charge for the year in each jurisdiction expressed as a percentage of the results expected to arise in each tax jurisdiction for that year.

Deferred tax has been calculated at 25% as at 31 December 2011 reflecting HMRC enactment, in July 2011, of a reduction in the corporation tax rate effective from 6 April 2012.

8. Dividends

No interim dividend has been paid or proposed for the period ended 31 December 2011 (2010—£nil).

No dividends have been paid or proposed for the year ended 31 March 2011 (£nil—2010).

9. Capital Expenditure

	9 months ended 31 Dec 2011 Unaudited	9 months ended 31 Dec 2010 Unaudited	Year ended 31 March 2011 Audited
	£m	£m	£m
Continuing operations:			
Property, plant & equipment	**18.5**	32.1	42.5
Intangible assets—computer software	**5.3**	2.5	3.5
	23.8	34.6	46.0
Discontinued operations:			
Property, plant & equipment	**—**	69.9	69.9
Intangible assets—computer software	**—**	5.7	5.7
	—	75.6	75.6

NOTES TO THE ACCOUNTS

10. Investments

On 21 December 2010, the Group completed the sale of Northern Ireland Electricity Limited, NIE Powerteam Limited, Powerteam Electrical Services (UK) Limited and Powerteam Electrical Services Limited. The sale is analysed as follows:

	As at 31 December 2010	As at 31 March 2011
	£m	£m
Net assets disposed of:		
Tangible fixed assets	1,210.9	1,210.9
Intangible assets—goodwill	490.7	490.7
Intangible assets—other	40.5	40.5
Stocks	7.9	7.9
Debtors (amounts falling due within one year)	69.3	69.3
Cast at bank and in hand	9.0	9.0
Creditors (amounts falling due within one year)	(491.4)	(491.4)
Creditors (amounts falling due after more than one year)	(192.4)	(192.4)
Provisions	(10.0)	(10.0)
Deferred tax liability	(118.2)	(118.2)
Deferred income	(236.8)	(236.8)
Pension surplus	4.3	4.3
	783.8	783.8
Costs of disposal	25.0	25.0
Profit on disposal	25.1	25.1
	833.9	833.9
Satisfied by:		
Cash consideration	833.9	833.9
Net inflow of funds to Group:		
Cash	833.9	833.9
Costs of disposal	(10.6)	(17.8)
Inter-group loans repaid	215.7	215.7
Cash disposed of	(9.0)	(9.0)
	1,030.0	1,022.8

11. Debtors

	As at 31 Dec 2011 Unaudited	As at 31 Dec 2010 Unaudited	As at 31 March 2011 Audited
	£m	£m	£m
Amounts falling due within one year:			
Trade debtors (including unbilled consumption)	**166.1**	161.4	173.8
Other amounts owed by fellow group undertaking	**4.4**	4.4	1.8
Prepayments and accrued income	**38.0**	35.3	26.5
Security deposits	**58.1**	7.2	3.9
Other debtors	**5.8**	5.8	10.0
	272.4	214.1	216.0
Amounts falling due after more than one year:			
Loan receivable from fellow subsidiary	**113.3**	114.7	116.6

12. Creditors

	As at 31 Dec 2011 Unaudited	As at 31 Dec 2010 Unaudited	As at 31 March 2011 Audited
	£m	£m	£m
Amounts falling due within one year:			

Trade creditors	**61.1**	49.8	53.6
Other creditors	**30.2**	26.5	38.0
Payments received on account	**27.4**	31.8	25.0
Interest payable on loans	**1.4**	4.0	4.0
Loan from parent undertaking	**541.4**	547.4	543.2
Other amounts owed to parent undertaking	**14.1**	—	—
Loan notes	**—**	13.9	13.9
Security deposits	**0.4**	0.2	0.2
Corporation tax	**5.8**	10.6	7.1
Tax and social security	**2.1**	2.4	2.9
Accruals	**162.7**	175.9	149.8
Senior bank facility	**449.8**	401.8	340.9
Project financed bank facility (NI)	**0.2**	2.2	—
Project financed bank facility (RoI)	**2.5**	2.0	2.1
	1,299.1	1,268.4	1,180.7
Amounts falling due after more than one year:			
Eurobond	**—**	—	—
Senior bank facility	**—**	—	—
Project financed bank facility (RoI)	**28.4**	18.6	19.7
Project financed bank facility (NI)	**18.6**	9.7	13.8
Interest accruals	**—**	—	—
	47.0	28.3	33.5

13. Net Debt

	As at 31 Dec 2011 Unaudited	As at 31 Dec 2010 Unaudited	As at 31 March 2011 Audited
	£m	£m	£m
Cash at bank and in hand	**13.2**	20.7	16.5
Current asset investments	**110.4**	151.1	43.2
Loan receivable from fellow subsidiary	**113.3**	114.7	116.6
Debt due within one year	**(1,009.4)**	(957.3)	(890.2)
Debt due after more than one year	**(47.0)**	(28.3)	(33.5)
Loan notes	**—**	(13.9)	(13.9)
	(819.5)	(713.0)	(761.3)

14. Reconciliation of Shareholders' Funds and Movements in Reserves

	Share capital	Share premium	Accumulated losses	Total
	£m	£m	£m	£m
At 1 April 2010	**—**	**510.0**	**(291.0)**	**219.0**
Total recognised gains and losses relating to the period	—	—	(89.5)	(89.5)
At 31 December 2010	**—**	**510.0**	**(380.5)**	**129.5**
Total recognised gains and losses relating to the period	—	—	(5.2)	(5.2)
At 31 March 2011	**—**	**510.0**	**(385.7)**	**124.3**
Total recognised gains and losses relating to the period	—	—	(61.1)	(61.1)
At 31 December 2011	**—**	**510.0**	**(446.8)**	**63.2**

15. Notes to the Group Cash Flow Statement

(i) Reconciliation of Operating Profit to Cash Flow from Operating Activities:

	9 months ended 31 Dec 2011 Unaudited	9 months ended 31 Dec 2010 Unaudited	Year ended 31 March 2011 Audited
	£m	£m	£m
Operating profit	**16.9**	51.0	67.5
Adjustments for:			

Amortisation of goodwill	**25.2**	46.5	55.6
Depreciation of tangible fixed assets	**17.7**	55.5	60.7
Amortisation of software costs	**1.0**	4.8	5.1
Amortisation of customers' contributions and grants	**—**	(5.9)	(5.9)
Defined benefit pension charge less contributions paid	**—**	6.3	(6.4)
Net movement in provisions	**—**	(0.1)	(0.7)
Operating cash flows before movement in working capital	**60.8**	158.1	175.9
Decrease/(increase) in stock	**0.6**	(1.0)	(1.9)
Decrease/(increase) in debtors	**14.9**	(17.9)	(35.3)
Increase in creditors	**16.8**	36.4	51.8
Net movement in security deposits	**(54.0)**	(6.7)	(3.4)
Effects of foreign exchange	**(2.7)**	1.5	0.9
Net cash inflow from operating activities	**36.4**	170.4	188.0

15. Notes to the Group Cash Flow Statement

(ii) Reconciliation of Operating Profit to Cash Flow from Operating Activities:

—Continuing operations/Discontinued operations analysis:

	Continuing 9 months ended 31 Dec 2011 Unaudited	Discontinued 9 months ended 31 Dec 2011 Unaudited	Group 9 months ended 31 Dec 2011 Unaudited	Continuing 9 months ended 31 Dec 2010 Unaudited	Discontinued 9 months ended 31 Dec 2010 Unaudited	Group 9 months ended 31 Dec 2010 Unaudited	Continuing year ended 31 March 2011 Audited	Discontinued year ended 31 March 2011 Audited	Group year ended 31 March 2011 Audited
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Operating profit	**16.9**	—	**16.9**	24.1	26.8	51.0	40.7	26.8	67.5
Adjustments for:									
Amortisation of goodwill	**25.2**	—	**25.2**	24.3	22.2	46.5	33.4	22.2	55.6
Depreciation of tangible fixed assets	**17.7**	—	**17.7**	19.0	36.5	55.5	24.2	36.5	60.7
Amortisation of software costs	**1.0**	—	**1.0**	0.9	3.9	4.8	1.2	3.9	5.1
Amortisation of customers' contributions and grants	—	—	—	—	(5.9)	(5.9)	—	(5.9)	(5.9)
Defined benefit pension charge less contributions paid	—	—	—	11.5	(5.2)	6.3	(1.2)	(5.2)	(6.4)
Net movement in provisions	—	—	—	(0.1)	—	(0.1)	(0.7)	—	(0.7)
Operating cash flows before movement in working capital	**60.8**	—	**60.8**	79.7	78.3	158.1	97.6	78.3	175.9
Decrease/(increase) in stock	**0.6**	—	**0.6**	(0.2)	(0.8)	(1.0)	(1.1)	(0.8)	(1.9)
Decrease/(increase) in debtors	**14.9**	—	**14.9**	22.2	(40.1)	(17.9)	4.8	(40.1)	(35.3)
Increase in creditors	**16.8**	—	**16.8**	7.0	29.6	36.4	22.2	29.6	51.8
Net movement in security deposits	**(54.0)**	—	**(54.0)**	(6.7)	—	(6.7)	(3.4)	—	(3.4)
Effects of foreign exchange	**(2.7)**	—	**(2.7)**	1.5	—	1.5	0.9	—	0.9
Net cash inflow from operating activities	**36.4**	—	**36.4**	103.5	67.0	170.4	121.0	67.0	188.0

Net cash inflow from operating activities in the period ended 31 December 2011 includes an exceptional cash outflow of £9.4m (2010—£3.5m) in respect of the payment of carbon revenue levy costs. Net cash inflow from operating activities in the year ended 31 March 2011 includes exceptional cash outflows of £7.3m and £12.3m in respect of the payment of carbon revenue levy costs and pension settlements, respectively.

(iii) Returns on investments and servicing of finance:

—Continuing operations/Discontinued operations analysis:

	Continuing 9 months ended 31 Dec 2011 Unaudited	Discontinued 9 months ended 31 Dec 2011 Unaudited	Group 9 months ended 31 Dec 2011 Unaudited	Continuing 9 months ended 31 Dec 2010 Unaudited	Discontinued 9 months ended 31 Dec 2010 Unaudited	Group 9 months ended 31 Dec 2010 Unaudited	Continuing year ended 31 March 2011 Audited	Discontinued year ended 31 March 2011 Audited	Group year ended 31 March 2011 Audited
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Returns on investments and servicing of finance:									
Interest received	**1.7**	—	**1.7**	1.2	—	1.2	2.3	—	2.3
Interest paid	**(24.2)**	—	**(24.2)**	(57.5)	(12.1)	(69.6)	(71.5)	(12.1)	(83.6)
Issue costs on new long-term loans	**(0.2)**	—	**(0.2)**	(0.7)	—	(0.7)	(2.0)	—	(2.0)
Exceptional refinancing costs	**(8.2)**	—	**(8.2)**	—	—	—	—	—	—
Exceptional settlement of swap accretion(1)	—	—	—	(69.3)	—	(69.3)	(69.3)	—	(69.3)
Exceptional finance costs(2)	**(43.9)**	—	**(43.9)**	—	—	—	(8.6)	—	(8.6)
	(74.8)	—	**(74.8)**	(126.3)	(12.1)	(138.4)	(149.1)	(12.1)	(161.2)

(1) Reflects the settlement of RPI swap accretion as a result of the novation of the interest rate swaps as part of the disposal of NIE to ESB.

(2) See note 4 to the accounts. Exceptional finance costs for the period ended 31 December 2011 includes a payment of £3.5 million which will be expressed to the profit and loss account over the remaining life of the senior bank facility.

(iv) Taxation:

—Continuing operations/Discontinued operations analysis:

	Continuing 9 months ended 31 Dec 2011 Unaudited	Discontinued 9 months ended 31 Dec 2011 Unaudited	Group 9 months ended 31 Dec 2011 Unaudited	Continuing 9 months ended 31 Dec 2010 Unaudited	Discontinued 9 months ended 31 Dec 2010 Unaudited	Group 9 months ended 31 Dec 2010 Unaudited	Continuing year ended 31 March 2011 Audited	Discontinued year ended 31 March 2011 Audited	Group year ended 31 March 2011 Audited
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Taxation:									
Taxation receipt/(payment)	**(1.0)**	—	**(1.0)**	8.4	(11.5)	(3.1)	6.4	(11.5)	(5.1)
	(1.0)	—	**(1.0)**	8.4	(11.5)	(3.1)	6.4	(11.5)	(5.1)

(v) Capital expenditure and financial investment:

—Continuing operations/Discontinued operations analysis:

	Continuing 9 months ended 31 Dec 2011 Unaudited	Discontinued 9 months ended 31 Dec 2011 Unaudited	Group 9 months ended 31 Dec 2011 Unaudited	Continuing 9 months ended 31 Dec 2010 Unaudited	Discontinued 9 months ended 31 Dec 2010 Unaudited	Group 9 months ended 31 Dec 2010 Unaudited	Continuing year ended 31 March 2011 Audited	Discontinued year ended 31 March 2011 Audited	Group year ended 31 March 2011 Audited
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Capital expenditure and financial investment:									
Purchase of tangible fixed assets	**(19.0)**	—	**(19.0)**	(35.9)	(68.9)	(104.8)	(45.3)	(68.9)	(114.2)
Purchase of intangible assets	**(21.1)**	—	**(21.1)**	(9.3)	(5.7)	(15.0)	(24.7)	(5.7)	(30.4)
Proceeds from disposal of intangible assets	**20.1**	—	**20.1**	17.0	—	17.0	18.1	—	18.1
Contributions in respect of tangible fixed assets	**—**	—	**—**	—	15.5	15.5	—	15.5	15.5
Loan receivable from fellow subsidiary	**0.1**	—	**0.1**	(114.7)	—	(114.7)	(116.6)	—	(116.6)
	(19.9)	—	**(19.9)**	(142.8)	(59.1)	(202.0)	(168.5)	(59.1)	(227.6)

Viridian Group Investments Limited

Accounts

For the year ended 31 March 2011

RISK MANAGEMENT AND PRINCIPAL RISKS AND UNCERTAINTIES (extraction)

Audited Information

The content of the following part of the Annual Report and Accounts of Viridian Group Investments Limited for the year ended 31 March 2011 has been audited by the Company's auditors, Ernst & Young LLP.

Overview

The Group operates a structured and disciplined approach to the management of risk. Its approach is to conduct business in a manner which balances costs and risks while taking account of all its stakeholders and protecting the Group's performance and reputation by prudently managing the risks inherent in the businesses. Management regularly identifies and considers the risks to which the businesses are exposed. Management's assessment of the key risks and the associated controls and actions required to mitigate these risks are recorded in business risk registers. Each risk is regularly assessed for the severity of its impact on the business and for the effectiveness of the controls in place. The risk environment is reviewed continually in order to identify new or emerging potential risks.

The Group's Audit Committee plays a key role in internal control and risk management. The Audit Committee monitors the Group's financial reporting processes and the effectiveness of the internal control and risk management systems; reviews and appraises the activities of the internal and external auditors; and provides an open channel of communication among the internal and external auditors, senior management and the Board.

The Group's Risk Management Committee (RMC) comprises a number of senior managers from across the Group and meets bi-monthly to oversee the management of risks and ensure that adequate and timely action is taken to mitigate and manage risk. The RMC reviews individual business and functional risk registers and reports to the Audit Committee on an annual basis.

The emphasis on sound management structures and policies and procedures is backed up by operational and financial review mechanisms and an externally resourced internal audit function, provided by PricewaterhouseCoopers LLP.

The directors acknowledge that they have responsibility for the Group's systems of internal control and risk management and monitoring their effectiveness. The purpose of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives, to provide reasonable assurance as to the quality of management information and to maintain proper control over the income, expenditure, assets and liabilities of the Group. No system of control can, however, provide absolute assurance against material misstatement or loss. Accordingly, the directors have regard to those specific controls, which in their judgement, are appropriate to the Group's business given the relative costs and benefits of implementing them.

The principal risks and uncertainties that affect the Group are described below but are not intended to be an exhaustive analysis of all the risks that may arise in the ordinary course of business or otherwise.

Competition in generation and supply of electricity

There is a risk that increased competition in generation and supply will reduce margins. Under the SEM, the system marginal price (SMP) is received by all generators and reflects the marginal cost of the last generating unit called to meet demand. Generators also receive capacity payments for their available capacity. The commissioning of new generating capacity may reduce the SMP and lead to lower capacity payments, dependent on plant retirements and overall levels of demand.

The main competitors in the electricity supply markets in both Northern Ireland and the RoI are ESBIE, BGE and Airtricity.

Wholesale electricity price

All electricity bought and sold across the island of Ireland is traded through the SEM. The Group manages wholesale electricity price risk as follows:

- The gas costs of Huntstown 1 and 2 are hedged in line with Energia's retail electricity sales contracts. Gas price exposure is hedged when fixed price customer contracts are signed. In some of Energia's customer contracts, the electricity price payable by the customer varies according to the price of gas;

- NIE Energy Supply's price control allows it to pass through the costs of wholesale electricity subject to compliance with its economic purchasing obligation, which it discharges by hedging wholesale electricity prices in line with policies agreed with NIAUR; and

- PPB is entitled to receive additional revenues from PSO charges to the extent that the revenue it receives from the pool, CfDs and ancillary services is insufficient to cover its regulated entitlement.

Huntstown plant and owned windfarm availability

VP&E runs the risk of interruptions to the availability of Huntstown 1 and 2 and its owned windfarms.

For the Huntstown plants, this risk is managed by having long-term maintenance agreements in place with the plant's original manufacturers, Siemens Ireland Limited and Mitsubishi Corporation. VP&E operates the plants to the manufacturers' guidelines within a suite of ISO approved operation, maintenance and safety policies and procedures. The plant designs incorporate industry accepted levels of redundancy for critical plant components and there is regular testing of back up services and standby equipment.

The availability of owned windfarms is managed by having maintenance contracts in place with the original manufacturers and third parties.

Health and safety

The Group is committed to ensuring a safe working environment. The risks arising from inadequate management of health and safety matters are the exposure of employees, contractors and third parties to the risk of injury, potential liability and/or loss of reputation. These risks are closely managed by the Group through the promotion of a strong health and safety culture and well defined health and safety policies. The Group's annual health, safety and risk plans set out detailed targets for the management of safety. There is a strong focus on the audit of work sites and the reporting and reviewing of near miss incidents. The Group's approach to health and safety issues is described more fully in the CSR Report.

Regulation and Legislation

VP&E is exposed to the impact of regulatory decisions as well as changes in legislation which impact its generation and supply activities. Through its senior management, VP&E maintains regular interaction with NIAUR, CER, the SEM Committee, DETI and DCENR. A pro-active approach is taken to the RAs' consultations on all SEM-related matters.

NIE Energy Supply and PPB are exposed to regulatory risk in respect of their price controls which limit the prices they may charge. The Group's approach to price control reviews is to be pro-active in promoting arrangements that will lead to an agreed outcome. This includes adherence to relevant precedent and best practice. There is regular reporting to NIAUR and DETI on a wide range of financial and other regulatory matters including capital expenditure and licence compliance. Regulatory relationships are managed by senior management through frequent meetings, informed dialogue and formal correspondence.

Business continuity

The Group has measures in place to manage the risk that one or more of its businesses sustains a greater than necessary financial impact through inability to carry on its operations either for a short or prolonged period. VP&E have business interruption insurance in place. Each business maintains a business continuity plan and there is an IT disaster recovery plan which covers the whole Group. Business continuity plans are reviewed and tested annually.

The Group's contingency plans to manage the risk from a potential 'flu pandemic were reviewed and updated throughout the year in light of government and World Health Organisation advice.

Outsourcing

The Group outsources a range of important ICT and business process services from Northgate Managed Services Limited (Northgate). Voice and data telecoms services are provided by eircom through a contract managed by Northgate. There is a risk of disruption to the Group if there are service delivery failures. Comprehensive business continuity and disaster recovery plans are maintained to manage this risk.

Social, environmental and ethical factors

The Group has in place measures to protect against financial and reputational risk from any failure to manage social, environmental and ethical (SEE) factors. In general, SEE factors are managed through embedding CSR into the Group's management processes and core business activities. Environmental risk, in particular, is managed through: a detailed environmental risk register; environmental action plans; certified environmental management systems; and identification of potential environmental exposures.

Pensions

Following the disposal of NIE and Powerteam, NIE became the principal employer of the NIE Pension Scheme (formerly Viridian Group Pension Scheme). Under the terms of the sale, the Group was entitled to participate in the NIE Pension Scheme until 31 March 2011 until a new pension scheme was established to provide similar benefits to the remaining members of the Group.

A new scheme, the Viridian Group Pension Scheme (2011) ("VGPS"), was established with effect from 1 April 2011. VGPS has two sections: a money purchase section and a defined benefit section. The defined benefit section is closed to new entrants. There is also a money purchase arrangement for employees in the RoI known as 'Choices'. Most employees of the Group are members of VGPS or Choices. There is a risk that the cost of funding the defined benefit section could increase if investment returns are lower than expected, mortality rates improve or salary or benefit increases are higher than expected. The VGPS trustees seek the advice of professional investment managers regarding the scheme's investments.

The calculation of the bulk transfer of accrued benefits of consenting members from the NIE Pension Scheme to VGPS is underway by the NIE Pension Scheme actuary and will be agreed by the VGPS trustees. The bulk transfer is expected to take place later this year and the trustees are expected to carry out an actuarial valuation by 31 March 2012.

IT security and data protection

Failure to maintain adequate IT security measures could lead to the loss of data through malicious attack on the Group's IT systems or employee negligence. Loss of Group or customer data could damage the Group's reputation, adversely impact operational performance or lead to a loss of income. The Group actively promotes awareness of IT security and data protection and targeted controls and procedures are in place to mitigate the risks.

Financial control

Strong financial and business controls are necessary to ensure the integrity and reliability of financial and other information on which the Group relies for day-to-day operations, external reporting and for longer term planning. The Group exercises financial and business control through a combination of: appropriately qualified and experienced personnel; rigorous business planning processes; detailed performance analysis; an integrated accounting system; and clearly defined approval limits. The internal auditors test the effectiveness of financial and business controls. The external auditors provide advice on specific accounting and tax issues. Investment decisions are accompanied by detailed analysis, both short and long-term, of the markets in which the Group operates.

Treasury risks

The Group's treasury function manages liquidity, funding, investment and the Group's financial risk, including risk from volatility in currency, interest rates, commodity prices and counterparty credit risk. The treasury function's objective is to manage risk at optimum cost in line with Group policies and procedures approved by the Board. The treasury function employs a continuous forecasting and monitoring process to manage risk and to ensure that the Group complies with its financial covenants.

Liquidity and refinancing risk

The Group is financed through a combination of retained earnings, parent company borrowings, medium-term bank facilities and prior to the sale of NIE and Powerteam through long-term bonds.

	At 31 March	
	2011	**2010**
	£m	**£m**
Investments	**43.2**	77.4
Cash	**16.5**	12.9
Loan receivable from fellow subsidiary	**116.6**	—

Loans and other borrowings	**(937.6)**	(2,044.4)
Net debt	**(761.3)**	(1,954.1)
Loans and other borrowings maturity analysis:		
In one year or less or on demand	**(904.1)**	(579.1)
In more than one year but less than two years	**(3.7)**	(1,212.0)
In more than two years but less than five years	**(23.9)**	—
In more than five years	**(5.9)**	(253.3)
	(937.6)	(2,044.4)

The final maturity profile of the Group's loans and borrowings is as follows:

Facility	£m	Maturity
Senior bank facility	(340.9)	Dec 2011
Loan from parent	(543.2)	On demand
Loan notes	(13.9)	June 2011—Dec 2011
Project finance:		
—RoI windfarm investments (amortising loan)	(21.8)	Mar 2016
—NI windfarm investments (amortising loan)	(13.8)	Mar 2027
Interest accruals	(4.0)	
	(937.6)	

The Group manages its financial resources in line with the financial covenants in its bank facility. The key financial covenants are the ratios of Funds From Operations (EBITDA less tax paid) to interest paid and Funds From Operations less interest paid to net debt. The covenants are tested for the years ending March and September each year. The Group has a strong track record of covenant compliance. Liquidity risk, including short-term working capital, is managed through maintaining access to a number of sources of funding to meet anticipated funding requirements, including committed bank facility and cash resources. The main source of liquidity for the Group continues to be cash generated from operations. Group cash forecasts, covering a rolling two year period, are reviewed monthly. At 31 March 2011 the Group had undrawn committed facilities of £121.3m (2010—£219.1m).

During the year non-recourse project finance facilities of £57.6m were put in place in respect of the windfarms currently under construction in Northern Ireland and €12.1m in respect of windfarms under construction in the RoI. It is intended that future windfarm projects will also be financed on a non-recourse basis.

The Group's senior bank facility matures in December 2011. The parent company loan is funded by Viridian Group Holdings Limited from a junior debt facility which expires in December 2012. As noted in the Summary of Financial Performance, the proceeds from the sale of NIE and Powerteam to ESB have been applied to reduce existing senior borrowings. The Directors have considered the re-financing options available to the Group in light of the expiry of the senior bank facility in December 2011 and VGHL's junior bank facility in December 2012. These include the raising of new debt and negotiating the rollover of existing facilities including the junior bank facility. Financial and legal advisers have been appointed to assist the Directors in completing the re-financing of the Group on a longer term basis and discussions have taken place with the Group's existing and other third party banks. The refinancing process is significantly progressed and based on this progress, feedback from lenders to date and input from the Group's advisors the Directors reasonably expect the refinancing of the Group will be achieved before the senior bank facility expires.

Interest rate risk

The borrowings of the Group are denominated in Sterling and Euro and bear floating interest rates and rates which are in effect fixed through the use of derivative financial instruments in order to manage the Group interest rate exposure. Prior to the sale of NIE and Powerteam an element of the Group's debt had a fixed rate The estimated fair value of the Group's derivative financial instruments is disclosed in note 27 to the accounts.

	At 31 March	
	2011	**2010**
	£m	**£m**
Loans and other borrowings fixed/floating analysis:		
Fixed rate debt[(1)]	**(628.5)**	(1,413.1)
Variable rate debt	**(309.1)**	(631.3)
	(937.6)	(2,044.4)

(1) fixed through interest rate hedges and owned debt

It is group policy to hedge a minimum of 65% of its debt against interest rate fluctuations.

Foreign currency risk

VP&E receives income and incurs expenditure in Euro. VP&E is also exposed to currency movements in respect of its gas purchases denominated in Sterling. The Group's policy is to identify foreign exchange exposures with a value equivalent to or greater than £0.5m with the percentage level of hedging dependent on the specific project. Exchange rate exposures are identified, monitored and hedged through the use of financial instruments (mainly forward currency contracts and swap arrangements). The estimated fair value of the Group's derivative financial instruments is disclosed in note 27 to the accounts.

NIE Energy Supply is exposed to currency movements in respect of its Euro-denominated CfDs with ESB Power Generation. These exposures are hedged in accordance with a policy agreed with NIAUR.

Euro-denominated assets on the Group's balance sheet are broadly matched by Euro borrowings.

Commodity risk

VP&E employs commodity swaps to hedge gas price exposures and forward purchase contracts to hedge its shortfall of CO_2 emission allowances. VP&E's policy is to hedge its exposure to changes in the price of gas and CO_2 emission allowances in line with retail electricity sales contracts. VP&E is entitled to a 68% allocation of CO_2 emission allowances in respect of Huntstown 1 and 2 under phase 2 of the EU Emissions Trading Scheme which applies to 31 December 2012. On 1 July 2010 the RoI Government introduced a carbon revenue levy on generators. The levy is scheduled to run until 31 December 2012 (the end of phase 2 of the EU Emissions Trading Scheme) and is calculated based on 65% of the volume of CO_2 emitted by generators multiplied by the average price of CO_2.

PPB is exposed to commodity price fluctuations in respect of its generation contracts. These exposures are hedged through the use of commodity swaps and forward purchase contracts in accordance with a policy agreed with NIAUR.

VP&E, NIE Energy Supply and PPB enter into CfDs to hedge their exposure to pool price volatility.

The estimated fair value of the Group's derivative financial instruments is disclosed in note 27 to the accounts.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. Provisions are made based on previous experience and identifiable events which indicate a reduction in the recoverability of cash flows. Energia and NIE Energy Supply are not exposed to major concentrations of credit risk in respect of their trade receivables, with exposure spread over a large number of customers. Energia takes out credit insurance in respect of certain trade receivables. PPB receives security from certain suppliers in the form of letters of credit, parent company guarantees or cash collateral.

The Group may be exposed to credit-related loss in the event of non-performance by bank counterparties. The Group manages this credit risk by establishing and monitoring counterparty exposure limits which are adjusted and tightened when necessary. The Group actively manages its banking exposures on a daily basis and cash deposits are placed for periods not exceeding one month to provide maximum flexibility. During the year the Group did not suffer any bank counterparty exposure loss.

The Directors consider that no significant credit risk arises in respect of loans made to fellow subsidiary undertakings

Going concern

The Group's business activities, together with principal risk and uncertainties likely to affect its future performance are described above. As noted in the liquidity and refinancing section above, the Group's senior bank facility, which amounted to £340.9m at 31 March 2011 (2010—£1,212.0m), falls due for repayment in December 2011 and as such is reflected as a current liability in the Group's Balance Sheet. Funding from VGHL amounted to £543.2m at 31 March 2011 (2010—£542.9m) and is also shown as a current liability in the Group Balance Sheet. As a result the Group Balance Sheet shows net current liabilities of £777.9m at 31 March 2011 (2010—net current liabilities of £551.3m). In addition VGHL provides security by way of a second ranking charge over its shareholding in the Company to a group of third party lenders to VGHL ("the junior bank facility lenders") and balances outstanding to these lenders ("the junior bank facility") amounted to £563.1m at 31 March 2011 (2010—£561.2m) all of which falls due for repayment in December 2012. VGHL's only source of funds to enable repayment to the junior bank facility lenders is from its investment in the Group.

The Directors have considered the re-financing options available to the Group in light of the expiry of the senior bank facility in December 2011 and VGHL's junior bank facility in December 2012. These include the raising of new debt and negotiating the rollover of existing facilities including the junior bank facility. Financial and legal advisers have been appointed to assist the Directors in completing the re-financing of the Group. Discussions have taken place with the Group's existing and other third party banks. To support the re-financing and since 31 March 2011 the Group's ultimate controlling party Arcapita Bank B.S.C. (c) (Arcapita) have provided £107m of equity funds to an affiliated company of the Group and Arcapita have confirmed that this funding will be introduced to the Group as part of the refinancing. Further VGHL has confirmed it will not seek repayment of the existing loans to VGIL within the foreseeable future.

The refinancing process is significantly progressed and based on this progress, feedback from lenders to date and input from the Group's advisors the Directors reasonably expect the refinancing of the Group will be achieved before the senior bank facility expires. The Group's forecasts and projections, taking into account possible changes in trading performance, show that should the Group be able to complete the refinancing it will have adequate financial resources to enable it to continue to trade for the foreseeable future.

There is a material uncertainty regarding the completion of the refinancing of the Group as outlined above and hence casts significant doubt upon the Group's ability to continue as a going concern. The financial statements do not contain the adjustments that would result if the Group was unable to continue as a going concern. Nevertheless after making enquiries, which have included discussions with financial advisers and Arcapita and confirmation from the Group's advisors that the refinancing should be successful, the Directors have a reasonable expectation that the refinancing will be completed and new financing arrangements entered into in respect of the Group to enable it to meet its liabilities as they fall due. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

INDEPENDENT AUDITORS' REPORT

To the members of Viridian Group Investments Limited

We have audited the Group accounts of Viridian Group Investments Limited for the year ended 31 March 2011 which comprise the Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet, Group Cash Flow Statement and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards.

This report is made solely to the Company's members as a body in accordance with our engagement letter dated 5 February 2010. Our audit work has been undertaken so that we might state to the Company's members those matters we are required under International Standards on Auditing (UK and Ireland) to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 38 the Company's directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the accounts:

- give a true and fair view of the state of the Group's affairs as at 31 March 2011 and of its loss for the year then ended; and

- have been properly prepared in accordance with United Kingdom accounting standards.

Emphasis of matter—going concern

In forming our opinion, which is not modified we have also considered the adequacy of the disclosures made in note 2 to the accounts concerning the Group's ability to continue as a going concern. The conditions described in note 2 indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The accounts do not include the adjustments that would result if the Group was unable to continue as a going concern.

Ernst & Young LLP
Belfast
26 July 2011

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2011

	Note	Pre-exceptional 2011	Exceptional 2011	Total 2011	Pre-exceptional 2010	Exceptional 2010	Total 2010
		£m	£m	£m	£m	£m	£m
Turnover:							
Continuing operations—total	3	**1,808.2**	**—**	**1,808.2**	1,823.3	—	1,823.3
(Sales)/rebates to discontinued operations	3	**(30.3)**	**—**	**(30.3)**	41.7	—	41.7
	3	**1,777.9**	**—**	**1,777.9**	1,865.0	—	1,865.0
Discontinued operations—total	3	**177.3**	**—**	**177.3**	268.1	—	268.1
Sales to continuing operations	3	**(108.9)**	**—**	**(108.9)**	(185.6)	—	(185.6)
	3	**68.4**	**—**	**68.4**	82.5	—	82.5
GROUP TURNOVER		**1,846.3**	**—**	**1,846.3**	1,947.5	—	1,947.5
Operating costs	4,5	**(1,700.6)**	**(22.6)**	**(1,723.2)**	(1,740.5)	—	(1,740.5)
Operating profit/(loss) before goodwill amortisation:							
Continuing operations		**96.7**	**(22.6)**	**74.1**	97.6	—	97.6
Discontinued operations		**49.0**	**—**	**49.0**	109.4	—	109.4
	3	**145.7**	**(22.6)**	**123.1**	207.0	—	207.0
Goodwill amortisation	4	**(55.6)**	**—**	**(55.6)**	(64.4)	—	(64.4)
OPERATING PROFIT/(LOSS)							
Continuing operations		**63.3**	**(22.6)**	**40.7**	63.9	—	63.9
Discontinued operations		**26.8**	**—**	**26.8**	78.7	—	78.7
	3	**90.1**	**(22.6)**	**67.5**	142.6	—	142.6
Profit/(loss) on disposal of discontinued operations	5	**—**	**25.1**	**25.1**	—	(1.1)	(1.1)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX		**90.1**	**2.5**	**92.6**	142.6	(1.1)	141.5
Net interest payable	7	**(97.3)**	**—**	**(97.3)**	(96.9)	—	(96.9)
Net pension scheme interest	20	**(3.7)**	**—**	**(3.7)**	(11.7)	—	(11.7)
Exceptional finance costs	5	**—**	**(176.7)**	**(176.7)**	—	—	—
		(101.0)	**(176.7)**	**(277.7)**	(108.6)	—	(108.6)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		**(10.9)**	**(174.2)**	**(185.1)**	34.0	(1.1)	32.9
Tax (charge)/credit on profit/(loss) on ordinary activities	8	**(14.9)**	**4.6**	**(10.3)**	(27.5)	(0.8)	(28.3)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		**(25.8)**	**(169.6)**	**(195.4)**	6.5	(1.9)	4.6

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 March 2011

	Note	2011	2010
		£m	**£m**
(Loss)/profit for the financial year		**(195.4)**	4.6
Exchange difference on retranslation of foreign subsidiaries		**3.0**	13.6
Exchange difference on loan hedged against foreign subsidiary	7	**4.2**	(4.8)
Actuarial gain/(loss) on pension scheme assets and liabilities	20	**131.1**	(73.8)
Deferred tax (charge)/credit on actuarial (gain)/loss on pension scheme assets and liabilities	8	**(35.3)**	20.7
Effect of decreased tax rate on opening deferred tax liability		**(2.3)**	—
Other pension scheme transfer	20	**—**	(0.3)
Total recognised losses relating to the year		**(94.7)**	(40.0)

GROUP BALANCE SHEET

as at 31 March 2011

	Note	2011	2010
		£m	**£m**
Fixed assets			
Intangible assets	10	**563.1**	1,143.5
Tangible assets	11	**402.5**	1,565.9
Other investment	12	**0.9**	0.9
		966.5	2,710.3
Current assets			
Stocks	13	**10.5**	16.5
Debtors — due within one year	14	**216.0**	234.8
— due after more than one year	14	**116.6**	0.1
Investments	15	**43.2**	77.4
Cash at bank and in hand		**16.5**	12.9
		402.8	341.7
Creditors (amounts falling due within one year)	16	**(1,180.7)**	(893.0)
Net current liabilities		**(777.9)**	(551.3)
Total assets less current liabilities		**188.6**	2,159.0
Creditors (amounts falling due after more than one year)	16	**(33.5)**	(1,465.3)
Provisions for liabilities and charges	18	**(10.3)**	(20.7)
Deferred taxation	8	**(19.5)**	(132.5)
Deferred income	19	**(0.2)**	(227.4)
Net assets excluding pension liability		**125.1**	313.1
Defined benefit pension liability	20	**(0.8)**	(94.1)
NET ASSETS		**124.3**	219.0
Equity			
Called up share capital	21	**—**	—
Share premium	22	**510.0**	510.0
Profit and loss account	22	**(385.7)**	(291.0)
TOTAL EQUITY		**124.3**	219.0

The accounts were approved by the Board of directors and authorised for issue on 22 July 2011. They were signed on its behalf by:

Essa Zainal
Director

Date: 22 July 2011

GROUP CASH FLOW STATEMENT

for the year ended 31 March 2011

	Note	2011	2010
		£m	£m
Cash flow from operating activities	23	**188.0**	253.1
Returns on investments and servicing of finance			
Interest received	23	**2.3**	0.4
Interest paid	23	**(83.6)**	(72.4)
Issue costs on new long-term loans	23	**(2.0)**	(3.6)
Exceptional settlement of swap accretion	23	**(69.3)**	—
Exceptional finance costs	23	**(8.6)**	—
		(161.2)	(75.6)
Taxation	23	**(5.1)**	(4.0)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	23	**(114.2)**	(104.7)
Purchase of intangible assets	23	**(30.4)**	(16.4)
Proceeds from disposal of intangible assets	23	**18.1**	18.5
Contributions in respect of tangible fixed assets	23	**15.5**	14.8
Loan receivable from fellow subsidiary	23	**(116.6)**	—
		(227.6)	(87.8)
Acquisitions and disposals			
Sale of subsidiary undertaking	12	**1,031.8**	—
Net cash disposed of with subsidiary undertaking	12	**(9.0)**	—
		1,022.8	—
Cash inflow before use of liquid resources and financing		**816.9**	85.7
Management of liquid resources			
Decrease/(increase) in bank deposits		**33.4**	(29.3)
Decrease in short-term managed funds		**0.3**	1.1
		33.7	(28.2)
Financing			
Receipts from loans		**111.6**	35.2
Repayment of loans		**(958.6)**	(85.7)
		(847.0)	(50.5)
Increase in cash in the year		**3.6**	7.0
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the year		**3.6**	7.0
Cash outflow from movement in net debt		**963.6**	50.5
Cash (inflow)/outflow from movement in liquid resources		**(33.7)**	28.2
Change in net debt resulting from cash flows		**933.5**	85.7
Disposal of subsidiaries	24	**192.4**	—
Decrease/(increase) in interest accruals (including swap accretion)		**58.9**	(18.7)
Amortisation of financing charges	7	**(5.2)**	(3.2)
Issue costs on new loans included in net debt		**2.0**	3.6
Translation difference	24	**11.2**	20.5
Movement in net debt in the year		**1,192.8**	87.9
Net debt at beginning of year		**(1,954.1)**	(2,042.0)
Net debt at end of year	24	**(761.3)**	(1,954.1)

NOTES TO THE ACCOUNTS

1. General Information

Viridian Group Investments Limited is a limited company incorporated and domiciled in the Cayman Islands.

2. Accounting Policies

The principal accounting policies are set out below:

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). The accounts are presented in Sterling (£) with all values rounded to the nearest £100,000 except where otherwise indicated.

Applicability of going concern basis

The Group's day to day operations are funded by way of a senior bank facility, borrowings from its immediate parent company, Viridian Group Holdings Limited ("VGHL"), and its own cash generated from trading activities.

The Group's senior bank facility, which amounted to £340.9m at 31 March 2011 (2010—£1,212.0m), falls due for repayment in December 2011 and as such is reflected as a current liability in the Group's Balance Sheet. Funding from VGHL amounted to £543.2m at 31 March 2011 (2010—£542.9m) and is also shown as a current liability in the Group Balance Sheet. As a result the Group Balance Sheet shows net current liabilities of £777.9m at 31 March 2011 (2010—net current liabilities of £551.3m). In addition VGHL provides security by way of a second ranking charge over its shareholding in the Company to a group of third party lenders to VGHL ("the junior bank facility lenders") and balances outstanding to these lenders ("the junior bank facility") amounted to £563.1m at 31 March 2011 (2010—£561.2m) all of which falls due for repayment in December 2012. VGHL's only source of funds to enable repayment to the junior bank facility lenders is from its investment in the Group.

The Directors have considered the re-financing options available to the Group in light of the expiry of the senior bank facility in December 2011 and VGHL's junior bank facility in December 2012. These include the raising of new debt and negotiating the rollover of existing facilities including the junior bank facility. Financial and legal advisers have been appointed to assist the Directors in completing the re-financing of the Group on a longer term basis. Discussions have taken place with the Group's existing and other third party banks. To support the re-financing and since 31 March 2011 the Group's ultimate controlling party Arcapita Bank B.S.C. (c) (Arcapita) have provided £107m of equity funds to an affiliated company of the Group and Arcapita have confirmed that this funding will be introduced to the Group as part of the refinancing. Further VGHL has confirmed it will not seek repayment of the existing loans to VGIL within the foreseeable future.

The refinancing process is significantly progressed and based on this progress, feedback from lenders to date and input from the Group's advisors the Directors reasonably expect the refinancing of the Group will be achieved before the Senior Credit Facilities expire. The Group's forecasts and projections, taking into account possible changes in trading performance, show that should the Group be able to complete the refinancing it will have adequate financial resources to enable it to continue to trade for the foreseeable future.

There is a material uncertainty regarding the completion of the refinancing of the Group as outlined above and hence casts significant doubt upon the Group's ability to continue as a going concern. The financial statements do not contain the adjustments that would result if the Group was unable to continue as a going concern. Nevertheless after making enquiries, which have included discussions with financial advisers and Arcapita and confirmation from the Group's advisors that the refinancing should be successful, the Directors have a reasonable expectation that the refinancing will be completed and new financing arrangements entered into in respect of the Group to enable it to meet its liabilities as they fall due. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

Basis of consolidation

The Group accounts consolidate the accounts of Viridian Group Investments Limited (the Company) and entities controlled by the Company (its subsidiaries) to 31 March each year. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of the acquisition is measured as the cash paid plus any costs directly attributable to the acquisition. The acquiree's identifiable assets and liabilities are recognised at their fair value at the acquisition date.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the identifiable net assets of a subsidiary at the date of acquisition. Goodwill is capitalised as an intangible asset and amortised by equal instalments against profit or loss over its estimated useful life which usually does not exceed 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. If a subsidiary is subsequently sold any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale.

Foreign currency translation

The presentation currency of the Group is Sterling (£). The local currency of subsidiaries incorporated in the Cayman Islands and the UK is Sterling (£). The local currency of subsidiaries incorporated in the RoI and the Grand Duchy of Luxembourg is the Euro (€).

Foreign currency transactions are translated into the local currency at the rates of exchange prevailing on the dates of the transactions or at the contracted rate if the transaction is covered by a forward foreign currency contract. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the balance sheet date, or where appropriate at the forward contract rate, are recognised in the profit and loss account.

On consolidation, the assets and liabilities of the Group's foreign subsidiaries are translated into Sterling at the rate of exchange ruling at the balance sheet date and their profit and loss accounts are translated at the average rates of exchange for the period. Exchange differences arising are recognised in the statement of total recognised gains and losses.

Exchange differences arising on foreign currency borrowings used to hedge foreign currency net investments in foreign subsidiaries are recognised in the statement of total recognised gains and losses.

Emissions allowances and renewable obligations

The Group recognises allocation of CO_2 emissions allowances from government or a similar body at £nil value. Purchased CO_2 emissions allowances and renewable obligation certificates (ROCs) are initially recognised at cost (purchase price) within intangible assets. No amortisation is recorded during the period as the intangible asset is surrendered at the end of the compliance period reflecting the consumption of economic benefit.

The Group recognises liabilities in respect of its obligations to deliver emissions allowances to the extent that the allowances to be delivered exceed the level of allocation under the EU emissions trading scheme. Any liabilities recognised are measured based on the current estimates of the amounts that will be required to satisfy the obligation. A liability for the renewables obligation is recognised based on the level of electricity supplied to customers.

Computer software

The cost of acquiring computer software is capitalised and amortised on a straight-line basis over the directors' estimate of its useful economic life which is between three and ten years. The carrying value of computer software is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible fixed assets and depreciation

Tangible fixed assets are included in the balance sheet at cost, less accumulated depreciation and any recognised impairment loss. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of overheads.

Interest on funding attributable to significant capital projects is capitalised during the period of construction and written off as part of the total cost of the asset.

Freehold land is not depreciated. Other tangible fixed assets are depreciated on a straight-line basis so as to write off the cost, less estimated residual value, over their estimated useful economic lives as follows:

Infrastructure assets—up to 40 years
Generation assets—up to 30 years
Operational buildings—freehold and long leasehold—up to 50 years
Fixtures and equipment—up to 25 years
Vehicles and mobile plant—up to 5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. Where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Stocks

Stocks are stated at the lower of average purchase price and net realisable value.

Financial instruments

Interest bearing loans and borrowings

Interest bearing loans and borrowings are initially recorded at cost, being the proceeds received net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the profit and loss account using the effective interest rate method. Except for interest capitalised in relation to significant capital projects interest payable is reflected in the profit and loss account as it arises.

Loans and receivables

Loans and receivables are carried at cost. Finance income, including premiums receivable on settlement or redemption, are accounted for on an accruals basis to the profit and loss account using the effective interest rate method. Profits or losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the the effective interest rate method.

Trade debtors

Trade debtors do not carry any interest and are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the asset is impaired. Balances are written off when the probability of recovery is assessed as being remote.

Trade creditors

Trade creditors are not interest bearing and are stated at their nominal value.

Derivative financial instruments

The Group considers that its derivative financial instruments qualify for hedge accounting where the instrument relates to a firm committed transaction involving the same underlying variable as the hedged item and the instrument reduces the risk of changes in the underlying variable on the Group's operations. Derivative financial instruments are not reflected in the balance sheet at fair value. Derivative financial instruments are accounted for as follows:

- **Forward exchange contracts, commodity contracts and CfDs**

  The rates under such contracts are used to record the hedged item. As a result, gains and losses under these contracts are offset in the profit and loss account in line with the transactions which they are hedging. Where the contract is used to hedge a committed future transaction, it is not recognised until the transaction occurs. If the underlying commitment does not occur and the instrument ceases to be a hedge, a gain or loss is recognised in the profit and loss account.

- **Interest rate swaps**

Amounts receivable or payable in respect of swap agreements are recognised as adjustments to net interest payable in the profit and loss account over the period of the agreement. Where a swap and underlying debt are terminated together, the net gain or loss is included in net interest payable. When swaps are terminated but the underlying debt is retained, any gain or loss is deferred and is amortised to net interest payable over the remaining term of the underlying debt.

Operating lease contracts

Leases are classified as operating lease contracts whenever the terms of the lease do not transfer substantially all the risks and benefits of ownership to the lessee. Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, exclusive of value added tax and other sales related taxes.

The following specific recognition criteria must also be met before turnover is recognised:

- **Energy supply**

Turnover is recognised on the basis of energy supplied during the period and tariffs or contracted prices as appropriate. Turnover for energy supply includes an assessment of energy supplied to customers between the date of the last meter reading and the balance sheet date, estimated using historical consumption patterns.

- **Energy generation**

Two key revenue streams are received by the Huntstown plant and PPB. Capacity revenue is recognised based upon the capacity (MW) provided to the Single Electricity Market (SEM) for the period. Energy revenue is recognised based upon electricity units generated during the period at market price, including an allowance for any anticipated resettlement within the SEM. Units are based on energy volumes recorded by the Single Electricity Market Operator (SEMO) and these units are reconciled to the units recorded on the plant systems to ensure accuracy.

Government grants and customer contributions

Government grants and customer contributions received in respect of tangible fixed assets are deferred and released to the profit and loss account by instalments over the estimated useful economic lives of the related assets. Grants received in respect of expenditure charged to the profit and loss account during the period are included in the profit and loss account.

Tax

The tax charge represents the sum of tax currently payable and deferred tax. Tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to the statement of recognised gains and losses, in which case the deferred tax is also dealt with in the statement of total recognised gains and losses.

Tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes both items of income or expense that are taxable or deductible in other years as well as items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax payable or recoverable on differences between the carrying amount of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilised.

Deferred tax is not provided in respect of gains arising from the sale or revaluation of fixed assets unless, by the balance sheet date, a binding commitment to sell the asset has been entered into and it is unlikely that any gain will be rolled over.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are calculated on an undiscounted basis at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Provisions

Provisions are recognised when (i) the Group has a present obligation (legal or constructive) as a result of a past event (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is included within net interest payable.

Decommissioning

Provision is made for estimated decommissioning costs at the end of the estimated useful economic lives of generation assets on a discounted basis based on price levels and technology at the balance sheet date. Changes in these estimates and changes to the discount rates are dealt with prospectively. Capitalised decommissioning costs are depreciated over the estimated useful economic lives of the related assets. The unwinding of the discount is included within net interest payable.

Pensions and other post-retirement benefits

The Group has both defined benefit and defined contribution pension arrangements. The amount recognised in the balance sheet in respect of liabilities represents the present value of the obligations offset by the fair value of assets.

Pension scheme assets are measured at fair value, which in the case of quoted securities is the published bid price, and liabilities are measured using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the liabilities. Full actuarial valuations are obtained at least triennially and updated at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur and are recognised outside the profit and loss account and presented in the statement of total recognised gains and losses.

The cost of providing benefits under the defined benefit scheme is charged to the profit and loss account over the periods benefiting from employees' service. Past service cost is recognised immediately to the extent that the benefits are already vested. When a settlement or a curtailment occur the change in present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date the employer becomes demonstrably committed to the transaction and gains when all parties who consent is required are irrevocably committed to the transaction. The difference between the expected return on pension scheme assets and the interest on pension scheme liabilities is recognised in the profit and loss account.

Pension costs in respect of defined contribution arrangements are charged to the profit and loss account as they become payable.

Dividends

Dividends are recorded in the period in which they are paid.

NOTES TO THE ACCOUNTS

3. Segmental Information

The Group's operating businesses are organised and managed separately according to the nature of the goods and services provided as described in note 12 and in the Business Reviews.

Inter-segment pricing is determined on an arm's length basis.

Turnover, profit before depreciation, amortisation, exceptional items, interest and tax, exceptional operating costs, depreciation/amortisation and operating profit/(loss) on ordinary activities before interest and tax are analysed between the businesses as follows:

	External 2011	Sales/(rebates) to continuing operations 2011	Sales/(rebates) to discontinued operations 2011	Total 2011	External 2010	Sales/(rebates) to continuing operations 2010	Sales/(rebates) to discontinued operations 2010	Total 2010
	£m	£m	£m	£m	£m	£m	£m	£m
Turnover								
Continuing operations:								
—VP&E	**981.4**	**3.2**	**0.2**	**984.8**	912.7	7.5	0.3	920.5
—NIE Energy	**796.5**	**(0.1)**	**30.1**	**826.5**	952.2	7.4	(42.0)	917.6
—Other	**—**	**—**	**—**	**—**	0.1	—	—	0.1
—Inter-group elimination	**—**	**(3.1)**	**—**	**(3.1)**	—	(14.9)	—	(14.9)
Continuing operations turnover	**1,777.9**	**—**	**30.3**	**1,808.2**	1,865.0	—	(41.7)	1,823.3
Discontinued operations:								
—NIE	**49.7**	**108.9**	**0.2**	**158.8**	55.9	185.5	0.6	242.0
—Powerteam	**18.4**	**—**	**38.4**	**56.8**	26.3	0.1	49.3	75.7
—Other	**0.3**	**—**	**—**	**0.3**	0.3	—	—	0.3
—Inter-group elimination	**—**	**—**	**(38.6)**	**(38.6)**	—	—	(49.9)	(49.9)
Discontinued operations turnover	**68.4**	**108.9**	**—**	**177.3**	82.5	185.6	—	268.1
Inter-group elimination	**—**	**(108.9)**	**(30.3)**	**(139.2)**	—	(185.6)	41.7	(143.9)
Group Turnover	**1,846.3**	**—**	**—**	**1,846.3**	1,947.5	—	—	1,947.5
Profit before depreciation, amortisation, exceptional items, interest and tax								
Continuing operations:								
—VP&E				**79.0**				99.9
—NIE Energy				**46.2**				21.6
—Other				**(3.1)**				(3.0)
				122.1				118.5
Discontinued operations:								
—NIE				**81.6**				153.2
—Powerteam				**3.0**				4.4
—Other				**—**				—
—Inter-group elimination				**(1.1)**				(1.4)
				83.5				156.2
Group profit before depreciation, amortisation, exceptional items, interest and tax				**205.6**				274.7
Exceptional operating costs								
Continuing operations:								
—VP&E				**(13.8)**				—
—NIE Energy				**(5.7)**				—
—Other				**(3.1)**				—
Group exceptional operating costs				**(22.6)**				—
Depreciation/amortisation								
Continuing operations:								
—VP&E				**(25.4)**				(20.5)
—Other				**—**				(0.4)
				(25.4)				(20.9)
Discontinued operations:								
—NIE				**(33.9)**				(45.9)
—Powerteam				**(0.9)**				(1.2)
—Other				**—**				—
—Inter-group elimination				**0.3**				0.3
				(34.5)				(46.8)

	2011	2010
Group depreciation/amortisation	**(59.9)**	(67.7)
Operating profit/(loss) post exceptional operating costs		
Continuing operations:		
—VP&E	**39.8**	79.4
—NIE Energy	**40.5**	21.6
—Other	**(6.2)**	(3.4)
	74.1	97.6
Discontinued operations:		
—NIE	**47.7**	107.3
—Powerteam	**2.1**	3.2
—Inter-group elimination	**(0.8)**	(1.1)
	49.0	109.4
Group operating profit post exceptional operating costs	**123.1**	207.0
Goodwill amortisation		
—continuing operations	**(33.4)**	(33.7)
—discontinued operations	**(22.2)**	(30.7)
	(55.6)	(64.4)
Group operating profit	**67.5**	142.6
Profit/(loss) on disposal of discontinued operations	**25.1**	(1.1)
Profit on ordinary activities before interest and tax	**92.6**	141.5
Net interest payable	**(97.3)**	(96.9)
Net pension scheme interest	**(3.7)**	(11.7)
Exceptional finance costs	**(176.7)**	—
	(277.7)	(108.6)
(Loss)/profit on ordinary activities before tax	**(185.1)**	32.9

The Group operates within two principal geographical areas.

Turnover, profit before depreciation, amortisation, exceptional items, interest and tax, depreciation/amortisation and profit/(loss) on ordinary activities are analysed between geographical areas as follows:

	External 2011	Sales/(rebates) to continuing operations 2011	Sales/(rebates) to discontinued operations 2011	Inter-group elimination 2011	Total 2011	External 2010	Sales/(rebates) to continuing operations 2010	Sales/(rebates) to discontinued operations 2010	Inter-group elimination 2010	Total 2010
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Turnover by origin										
Continuing operations—UK	**987.3**	**(0.1)**	**30.3**	**0.1**	**1,017.6**	1,122.2	7.4	(41.7)	(7.4)	1,080.5
RoI	**790.6**	**3.2**	**—**	**(3.2)**	**790.6**	742.8	7.5	—	(7.5)	742.8
	1,777.9	**3.1**	**30.3**	**(3.1)**	**1,808.2**	1,865.0	14.9	(41.7)	(14.9)	1,823.3
Discontinued operations—UK	**49.0**	**108.9**	**38.6**	**(38.6)**	**157.9**	65.0	185.5	49.9	(49.9)	250.5
RoI	**19.4**	**—**	**—**	**—**	**19.4**	17.5	0.1	—	—	17.6
	68.4	**108.9**	**38.6**	**(38.6)**	**177.3**	82.5	185.6	49.9	(49.9)	268.1
Inter-group elimination	**—**	**(112.0)**	**(68.9)**	**41.7**	**(139.2)**	—	(200.5)	(8.2)	64.8	(143.9)
	1,846.3	**—**	**—**	**—**	**1,846.3**	1,947.5	—	—	—	1,947.5
Turnover by destination										
Continuing operations—UK	**987.3**	**(0.1)**	**30.3**	**0.1**	**1,017.6**	1,122.2	7.4	(41.7)	(7.4)	1,080.5
RoI	**790.6**	**3.2**	**—**	**(3.2)**	**790.6**	742.8	7.5	—	(7.5)	742.8
	1,777.9	**3.1**	**30.3**	**(3.1)**	**1,808.2**	1,865.0	14.9	(41.7)	(14.9)	1,823.3
Discontinued operations—UK	**61.0**	**108.9**	**38.6**	**(38.6)**	**169.9**	71.6	185.5	49.9	(49.9)	257.1
RoI	**7.4**	**—**	**—**	**—**	**7.4**	10.9	0.1	—	—	11.0
	68.4	**108.9**	**38.6**	**(38.6)**	**177.3**	82.5	185.6	49.9	(49.9)	268.1
Inter-group elimination	**—**	**(112.0)**	**(68.9)**	**41.7**	**(139.2)**	—	(200.5)	(8.2)	64.8	(143.9)
Group turnover	**1,846.3**	**—**	**—**	**—**	**1,846.3**	1,947.5	—	—	—	1,947.5
Profit before depreciation, amortisation, exceptional items, interest and tax										
Continuing operations— UK					**53.2**					29.9
RoI					**68.9**					88.6
					122.1					118.5
Discontinued operations—UK					**84.3**					157.1
RoI					**0.3**					0.5
Inter-group elimination					**(1.1)**					(1.4)
					83.5					156.2
Group profit before depreciation, amortisation, exceptional items, interest and tax					**205.6**					274.7

	2011	2010
Exceptional operating Costs		
Continuing operations— UK	**(12.2)**	—
RoI	**(10.4)**	—
	(22.6)	—
Depreciation/amortisation		
Continuing operations— UK	**(1.6)**	(2.0)
RoI	**(23.8)**	(18.9)
	(25.4)	(20.9)
Discontinued operations—UK	**(34.7)**	(47.0)
RoI	**(0.1)**	(0.1)
Inter-group elimination	**0.3**	0.3
	(34.5)	(46.8)
Group depreciation/amortisation	**(59.9)**	(67.7)
Operating profit/(loss) post exceptional operating costs		
Continuing operations— UK	**29.0**	27.8
RoI	**45.1**	69.8
	74.1	97.6
Discontinued operations—UK	**49.6**	110.1
RoI	**0.2**	0.4
Inter-group elimination	**(0.8)**	(1.1)
	49.0	109.4
Operating profit before goodwill	**123.1**	207.0
Goodwill amortisation	**(55.6)**	(64.4)
Group operating profit	**67.5**	142.6
Profit/(loss) on disposal of discontinued operations—UK	**25.1**	(1.1)
Profit on ordinary activities before interest and tax	**92.6**	141.5
Net interest payable	**(97.3)**	(96.9)
Net pension scheme interest	**(3.7)**	(11.7)
Exceptional finance costs	**(176.7)**	—
	(277.7)	(108.6)
(Loss)/profit on ordinary activities before tax	**(185.1)**	32.9

In addition to the disclosures given above, the directors believe the following analysis of the Group's regulated businesses' turnover and operating profit according to regulated entitlement is relevant to understanding the Group's results:

Based on regulated entitlement:

	Turnover		Operating profit pre-exceptional operating costs		Profit before depreciation, amortisation, exceptional items, interest & tax	
	2011	2010	2011	2010	2011	2010
	£m	£m	£m	£m	£m	£m
Continuing operations:						
VP&E	**984.8**	920.5	**53.6**	79.4	**79.0**	99.9
NIE Energy Supply	**539.5**	596.8	**19.0**	21.2	**19.0**	21.2
Power Procurement	**266.8**	361.4	**6.0**	5.8	**6.0**	5.8
Inter-business elimination	**(1.0)**	(35.2)	**—**	—	**—**	—
NIE Energy	**805.3**	923.0	**25.0**	27.0	**25.0**	27.0
Other	**—**	0.1	**(3.1)**	(3.4)	**(3.1)**	(3.0)
Inter-business elimination	**(3.1)**	(14.9)	**—**	—	**—**	—
	1,787.0	1,828.7	**75.5**	103.0	**100.9**	123.9
Adjustment for over/(under)-recovery	**21.2**	(5.4)	**21.2**	(5.4)	**21.2**	(5.4)
Total continuing operations	**1,808.2**	1,823.3	**96.7**	97.6	**122.1**	118.5
Discontinued operations:						
NIE	**174.5**	236.3	**63.4**	101.6	**97.3**	147.5
Powerteam	**56.8**	75.7	**2.1**	3.2	**3.0**	4.4
Other	**0.3**	0.3	**—**	—	**—**	—
Inter-business elimination	**(38.6)**	(49.9)	**(0.8)**	(1.1)	**(1.1)**	(1.4)
	193.0	262.4	**64.7**	103.7	**99.2**	150.5
Adjustment for (under)/over-recovery	**(15.7)**	5.7	**(15.7)**	5.7	**(15.7)**	5.7
Total discontinued operations	**177.3**	268.1	**49.0**	109.4	**83.5**	156.2

The adjustment for over/(under)-recovery represents the amount by which the regulated businesses over/(under)-recovered against their regulated entitlement.

Net operating assets/(liabilities) are analysed as follows:

By business

	2011	2010
	£m	£m
VP&E	**361.6**	365.2
NIE	**—**	951.0
NIE Energy	**23.4**	30.4
Powerteam	**—**	7.3
Other	**(0.9)**	(8.0)
Inter-group elimination	**—**	(11.1)
Net operating assets	**384.1**	1,334.8
Unallocated net liabilities	**(259.8)**	(1,115.8)
Total net assets	**124.3**	219.0

By geographical area

	2011	2010
	£m	£m
UK	**44.9**	972.8
RoI	**339.2**	362.0
Net operating assets	**384.1**	1,334.8
Unallocated net liabilities	**(259.8)**	(1,115.8)
Total net assets	**124.3**	219.0

Unallocated net liabilities comprise net debt, deferred tax liabilities, current tax payable, pension liability and goodwill.

4. Operating Costs

Operating costs are analysed as follows:

2011

	External continuing operations	Transactions with discontinued operations	Total continuing	External discontinued operations	Transactions with continuing operations	Total discontinued	Interbusiness elimination	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Energy costs	**1,499.7**	**107.5**	**1,607.2**	**—**	**—**	**—**	**(107.5)**	**1,499.7**
Employee costs (note 6)	**18.8**	**—**	**18.8**	**23.1**	**—**	**23.1**	**—**	**41.9**
Depreciation and amortisation	**25.4**	**—**	**25.4**	**34.5**	**—**	**34.5**	**—**	**59.9**
Other operating charges	**54.3**	**5.8**	**60.1**	**44.8**	**25.9**	**70.7**	**(31.7)**	**99.1**
Total pre exceptional	**1,598.2**	**113.3**	**1,711.5**	**102.4**	**25.9**	**128.3**	**(139.2)**	**1,700.6**
Exceptional costs (note 5):								
Energy costs	**10.4**	**—**	**10.4**	**—**	**—**	**—**	**—**	**10.4**
Employee costs	**12.2**	**—**	**12.2**	**—**	**—**	**—**	**—**	**12.2**
	22.6	**—**	**22.6**	**—**	**—**	**—**	**—**	**22.6**
Total	**1,620.8**	**113.3**	**1,734.1**	**102.4**	**25.9**	**128.3**	**(139.2)**	**1,723.2**

2010

	External continuing operations	Transactions with discontinued operations	Total continuing	External discontinued operations	Transactions with continuing operations	Total discontinued	Interbusiness elimination	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Energy costs	1,512.4	115.5	1,627.9	—	—	—	(115.5)	1,512.4
Employee costs (note 6)	16.3	—	16.3	32.1	—	32.1	—	48.4
Depreciation and amortisation	20.9	—	20.9	46.8	—	46.8	—	67.7
Other operating charges	54.4	6.2	60.6	57.6	22.1	79.7	(28.3)	112.0

Total	1,604.0	121.7	1,725.7	136.5	22.1	158.6	(143.8)	1,740.5

The directors have adopted the format in this note so that operating costs are disclosed in a manner appropriate to the Group's activities. The directors believe that the nature of the Group's businesses is such that an analysis of operating costs in the format set out in the EU Fourth and Seventh Company Law Directives is inappropriate.

In measuring and presenting the analysis of operating costs and profits between continuing and discontinuing operations the directors have included within continuing operations those ongoing direct costs charged by the discontinued operations and eliminated these against the discontinued operations as the directors believe this provides a more meaningful and reliable basis for assessing the future income of the continuing operations as required by FRS 3 "Reporting Financial Performance".

Goodwill amortisation is allocated between continuing and discontinued operations as follows:

	2011	2010
	£m	£m
Continuing operations	**33.4**	33.7
Discontinued operations	**22.2**	30.7
	55.6	64.4

Operating costs include:

	2011	2010
	£m	£m
Depreciation charge on tangible fixed assets	**60.7**	68.3
Associated release of customers' contributions and grants	**(5.9)**	(7.8)
	54.8	60.5
Amortisation of software costs	**5.1**	7.2
Operating lease rental:		
—Plant and machinery	**2.5**	3.2
—Land and buildings	**1.0**	1.0

	2011	2010
	£'000	£'000
Auditors' remuneration:		
—audit of the financial statements	**269**	340
—other fees to auditors (all in respect of subsidiaries):		
—other audit services related to the appointment as auditors	**10**	6
—taxation services	**366**	260
—taxation and assurance services relating to acquisitions and disposals	**243**	43
—corporate finance services	**49**	—
	668	309

In addition, the auditors received £19,000 in 2010 in respect of the audit of VGPS. The fees were paid directly by the scheme for VGPS.

5. Exceptional items

	2011	2010
	£m	£m
Recognised before arriving at operating profit:		
—Pension scheme settlements	**(12.2)**	—
—Carbon revenue levy	**(10.4)**	—
	(22.6)	—
Recognised after arriving at operating profit:		
—Profit/(loss) on disposal of discontinued operations	**25.1**	(1.1)
—Exceptional finance costs	**(176.7)**	—

Following the disposal of NIE and Powerteam, NIE became the principal employer of the NIE Pension Scheme (formerly Viridian Group Pension Scheme). Under the terms of the sale, all members in deferment and in payment continued to participate in the NIE Pension Scheme. Active members who are employees of the continuing operations were also entitled to continue to participate in the NIE Pension scheme or transfer to a new pension scheme established to provide similar benefits to the NIE Pension Scheme. Settlements of £12.2m arose in respect of the obligations of the continuing operations relating to active, deferred and in payment members who remained in the NIE Pension Scheme.

On 1 July 2010 the RoI Government introduced a carbon revenue levy on generators. The levy is scheduled to run until 31 December 2012 and is calculated based on 65% of the volume of CO_2 emitted by generators multiplied by the average price of CO_2. The impact of the carbon revenue levy on operating profit was £10.4m (2010—£nil) with the cash outflow being £7.3m (2010—£nil).

Profit on disposal of discontinued operations, £25.1m, relates to the sale of NIE and Powerteam to ESB on 21 December 2010 as detailed in note 12.

The loss on disposal of discontinued operations in 2010, £1.1m, arises from the finalisation of pension arrangements in respect of SONI employees and related adjustments to the consideration arising from the disposal of SONI on 11 March 2009.

Exceptional finance costs, £176.7m arise in respect of compensation given to NIE in return for the novation of out of the money interest rate swaps as part of the disposal of that business to ESB (£168.1m) and the close out of fixed interest rate swaps (£8.6m).

The tax credit/(charge) in the profit and loss account relating to exceptional items is:

	2011	2010
	£m	£m
—Pension scheme settlements	**3.3**	—
—Carbon revenue levy	**1.3**	—
—Profit/(loss) on disposal of discontinued operations	**—**	(0.8)
—Exceptional finance costs	**—**	—
	4.6	(0.8)

6. Employees

Employee costs (pre exceptional costs)	2011	2010
	£m	£m
Salaries	**51.5**	62.8
Social security costs	**5.2**	5.7
Pension costs		
—defined contribution plans	**2.1**	2.2
—defined benefit plans	**6.7**	5.6
	65.5	76.3
Less: charged to the balance sheet	**(23.6)**	(27.9)
Charged to the profit and loss account	**41.9**	48.4

Employee numbers	Actual headcount at 31 March		Average during the year	
	Number 2011	Number 2010	Number 2011	Number 2010
Continuing:				
NIE Energy	**152**	142	**182**	133
VP&E	**192**	182	**171**	174
Other	**15**	—	**4**	—
	359	324	**357**	307
Discontinued:				
NIE	**—**	256	**198**	260
Powerteam	**—**	1,054	**774**	1,060
Other	**—**	4	**3**	4
	—	1,314	**975**	1,324
	359	1,638	**1,332**	1,631

Directors' emoluments

	2011	2010
	£m	£m
Emoluments in respect of qualifying services	**0.9**	0.8

No amounts were paid to the directors in respect of long-term incentive plans.

	Number 2011	Number 2010
Members of the defined benefit pension scheme	**—**	1

The remuneration in respect of the highest paid director was as follows:

	2011	2010
	£m	£m
Emoluments	**0.7**	0.8
Total accrued pension at date of resignation or 31 March (per annum)	**0.1**	0.1

7. Net Interest Payable

	2011	2010
	£m	£m
Interest receivable		
Bank interest	**0.9**	0.4
Loan to fellow subsidiary	**1.5**	—
	2.4	0.4
Interest payable		
Bank loans and borrowings	**(14.3)**	(16.2)
Interest payable to parent undertaking	**(27.2)**	(27.5)

Eurobond	**(8.7)**	(12.0)
	(50.2)	(55.7)
Less: charged to balance sheet	**1.8**	0.6
Interest payable charged to the profit and loss account	**(48.4)**	(55.1)
Swap accretion	**(20.1)**	(14.0)
Interest rate swaps	**(25.9)**	(22.2)
Exchange on net foreign currency borrowings		
Net exchange gain/(loss) on net foreign currency borrowings	**5.3**	(6.4)
Less: (credited)/charged to the statement of total recognised gains and losses	**(4.2)**	4.8
Net exchange gain/(loss) credited/(charged) to the profit and loss account	**1.1**	(1.6)
Other finance costs		
Amortisation of financing charges	**(5.2)**	(3.2)
Unwinding of discount on decommissioning provision	**(0.3)**	(0.4)
Other finance charges	**(0.9)**	(0.8)
Total other finance costs	**(6.4)**	(4.4)
Net interest payable	**(97.3)**	(96.9)

Interest charged to the balance sheet during the year was capitalised using a weighted average interest rate of 4.6% (2010—4.7%).

8. Tax Charge

(i) Analysis of charge in the year

	2011	**2010**
	£m	**£m**
Tax on profit on ordinary activities		
Current tax charge		
Corporation tax	**(8.4)**	(7.4)
Corporation tax over/(under) provided in previous years	**2.0**	(0.9)
	(6.4)	(8.3)
Deferred tax charge		
Origination and reversal of timing differences in current year	**(8.8)**	(10.0)
Origination and reversal of timing differences relating to prior years	**—**	(10.0)
Effect of decreased rate on opening liability	**4.9**	—
	(3.9)	(20.0)
Tax charge on profit on ordinary activities	**(10.3)**	(28.3)
Relating to continuing operations	**(5.3)**	(5.4)
Relating to discontinued operations	**(5.0)**	(22.9)
	(10.3)	(28.3)

Tax relating to items (charged)/credited to the statement of total recognised gains and losses		
Deferred tax		
Arising on net actuarial gains/(losses) on pension scheme assets and liabilities	**(35.3)**	20.7
Effect of decreased rate on opening liability	**(2.3)**	—

(ii) Reconciliation of current tax charge

The current tax charge in the profit and loss account for the year varies from the prevalent rate of corporation tax in the Group of 28% (2010—28%), being the standard rate of UK tax. The differences are reconciled below:

	2011	**2010**
	£m	**£m**
(Loss)/profit on ordinary activities before tax charge	**(185.1)**	32.9
Accounting (loss)/profit multiplied by the Group's prevalent rate of corporation tax of 28% (2010—28%)	**51.8**	(9.2)
Lower taxes on overseas earnings	**10.6**	16.0
Goodwill amortisation	**(15.6)**	(18.0)
Timing differences in respect of pensions	**(1.3)**	(0.2)
Timing differences in respect of provisions	**(0.2)**	1.2

Accelerated capital allowances	**3.4**	5.0
Profit/(loss) on disposal of subsidiary undertaking	**7.0**	(1.1)
Tax losses (not utilised)/utilised in year	**(58.8)**	4.8
Corporation tax over/(under) provided in previous years	**2.0**	(0.9)
Depreciation arising on consolidation	**(1.5)**	(2.0)
Finance costs amortised on consolidation	**(1.3)**	(0.8)
Other	**(2.5)**	(3.1)
Current tax charge for the year	**(6.4)**	(8.3)

(iii) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2011	**2010**
	£m	**£m**
Deferred tax assets		
Provisions	**0.7**	3.2
Tax losses carried forward	**0.5**	9.2
Other	**2.0**	—
Deferred tax assets	**3.2**	12.4
Deferred tax liabilities		
Accelerated capital allowances	**(19.4)**	(138.8)
Held-over gains on property disposals	**(3.2)**	(4.8)
Other	**(0.1)**	(1.3)
Deferred tax liabilities	**(22.7)**	(144.9)
Deferred tax on defined benefit pension liability	**0.3**	36.5
Net deferred tax liability	**(19.2)**	(96.0)

	2011	**2010**
	£m	**£m**
Included in deferred taxation	**(19.5)**	(132.5)
Included in defined benefit pension liability	**0.3**	36.5
	(19.2)	(96.0)

	2011	**2010**
	£m	**£m**
At beginning of the year	**(96.0)**	(97.5)
Exchange adjustments	**0.1**	0.8
Disposal of subsidiary undertaking	**118.2**	—
Deferred tax charge in the profit and loss account	**(3.9)**	(20.0)
Deferred tax relating to items (charged)/credited to the statement of total recognised gains and losses	**(37.6)**	20.7
At 31 March including deferred tax on defined benefit pension liability	**(19.2)**	(96.0)

As at 31 March 2011 £77.2m of deferred tax assets (2010—£14.9m) in respect of tax losses carried forward and £0.3m of deferred tax liabilities (2010—£nil) in respect of accelerated capital allowances were unrecognised in the figures stated above largely due to uncertainty in respect of future earnings in the group entities in which they have arisen.

Deferred tax has been calculated at 26% as at 31 March 2011 reflecting HMRC enactment, in March 2011, of a reduction in the corporation tax rate effective from 6 April 2011.

HM Treasury have announced their intention for the main rate of corporation tax to decrease to 23% by 2015, through reductions of 1% per annum over the next three years. Although this decrease in rates is not enacted at the balance sheet date, a decrease in the rate to 23% would reduce the deferred tax asset at 31 March 2011 to £2.8m and the deferred tax liability to £20.0m.

In view of this planned reduction in UK corporation tax rates and the reduction in profits taxed in the UK following the disposal of NIE and Powerteam, the Group expects that the prevalent rate of corporation tax in the Group will reduce in the future.

The deferred tax included in the profit and loss account is as follows:

	2011	2010
	£m	£m
Accelerated capital allowances	**1.2**	(0.6)
Timing differences in respect of provisions	**0.1**	(1.2)
Timing differences in respect of pensions	**0.1**	0.2
Tax losses carried forward	**(8.7)**	(19.1)
Effect of decreased rate	**4.9**	—
Other	**(1.5)**	0.7
Deferred tax charge	**(3.9)**	(20.0)

9. Dividends

No dividends have been paid or proposed for the year ended 31 March 2011 (£nil—2010).

10. Intangible Assets

	Software costs	Goodwill	Emissions allowances and renewable obligation certificates	Total
	£m	£m	£m	£m
Cost:				
At 1 April 2010	**62.7**	**1,287.7**	**24.7**	**1,375.1**
Exchange adjustment	—	(0.3)	(0.1)	(0.4)
Additions	9.2	—	21.2	30.4
Adjustment to contingent consideration	—	(0.4)	—	(0.4)
Disposal of subsidiaries	(58.5)	(614.7)	—	(673.2)
Surrenders in settlement of obligations	—	—	(18.1)	(18.1)
At 31 March 2011	**13.4**	**672.3**	**27.7**	**713.4**
Amortisation/impairment:				
At 1 April 2010	**19.8**	**211.8**	**—**	**231.6**
Amortisation charge for the year	5.1	55.6	—	60.7
Disposal of subsidiaries	(18.0)	(124.0)	—	(142.0)
At 31 March 2011	**6.9**	**143.4**	**—**	**150.3**
Net book value:				
At 1 April 2010	**42.9**	**1,075.9**	**24.7**	**1,143.5**
At 31 March 2011	**6.5**	**528.9**	**27.7**	**563.1**

At 31 March 2011 software costs include no amounts in respect of capitalised interest (2010—£0.8m).

Goodwill arising on acquisitions has been capitalised and is being amortised over the directors’ estimate of its useful life from the date of acquisition. In each case the useful economic life is 20 years.

11. Tangible Assets

	Infrastructure assets	Generation assets	Operational land and buildings	Fixtures and equipment	Vehicles and mobile plant	Total
	£m	£m	£m	£m	£m	£m
Cost:						
At 1 April 2010	**1,298.9**	**445.1**	**18.1**	**17.6**	**3.0**	**1,782.7**
Exchange adjustment	—	(3.6)	(0.1)	(0.1)	—	(3.8)
Additions	68.4	40.0	—	3.6	0.4	112.4
Disposal of subsidiaries	(1,367.3)	—	(4.3)	(15.0)	(3.4)	(1,390.0)
Disposals	—	—	—	(0.1)	—	(0.1)
At 31 March 2011	**—**	**481.5**	**13.7**	**6.0**	**—**	**501.2**
Depreciation:						
At 1 April 2010	**137.9**	**71.8**	**0.3**	**5.7**	**1.1**	**216.8**
Exchange adjustment	—	0.3	—	—	—	0.3
Charge for the year	33.8	23.7	0.1	2.8	0.3	60.7
Disposals	—	—	—	—	—	—
Disposal of subsidiaries	(171.7)	—	(0.4)	(5.6)	(1.4)	(179.1)
At 31 March 2011	**—**	**95.8**	**—**	**2.9**	**—**	**98.7**
Net book value:						
At 1 April 2010	**1,161.0**	**373.3**	**17.8**	**11.9**	**1.9**	**1,565.9**
At 31 March 2011	**—**	**385.7**	**13.7**	**3.1**	**—**	**402.5**

Included in generation assets are amounts in respect of assets under construction amounting to £24.7m (2010—£11.9m) and capitalised interest of £15.4m (2010—£14.2m).

Included in fixtures and equipment are amounts in respect of assets under construction amounting to £2.0m (2010—£nil).

The net book value of operational land and buildings comprises:

At 31 March	2011	2010
	£m	£m
Freehold	**13.7**	17.0
Long leasehold	**—**	0.8
	13.7	17.8

12. Investments

Principal investments in which the Group held 100% of ordinary shares at 31 March 2011 are listed below:

Subsidiary undertakings	Place of incorporation	Nature of business
Regulated businesses		
NIE Energy Ltd	Northern Ireland*	Power procurement and supply of electricity
VP&E		
Huntstown Power Company Ltd	Republic of Ireland*	Electricity generation
Viridian Power Ltd	Republic of Ireland*	Electricity generation
Eco Wind Power Ltd	Republic of Ireland*	Renewable electricity generation
Viridian Energy Supply Ltd (trading as Energia)	Northern Ireland*	Energy supply
Viridian Energy Ltd (trading as Energia)	Republic of Ireland*	Energy supply
GenSys Power Ltd (trading as GenSys)	Republic of Ireland*	Operating and maintenance services
Viridian Power and Energy Holdings Ltd	Republic of Ireland*	Holding company
Viridian Power and Energy Ltd	Northern Ireland*	Holding company
Viridian Resources Ltd	Northern Ireland*	Holding company
Power and Energy Holdings (RoI) Ltd	Republic of Ireland*	Holding company
Viridian Funding Ltd	Northern Ireland*	Renewable electricity generation
Other		

Viridian Properties Ltd	Northern Ireland*	Property
Viridian Insurance Ltd	Isle of Man*	Insurance
EI Ventures Ltd	Great Britain	Holding company
ElectricInvest Acquisitions Ltd	Great Britain*	Holding company
ElectricInvest Holding Company Ltd	Great Britain*	Holding company
ElectricInvest (Lux) RoI S.à r.l.	Grand Duchy of Luxembourg	Holding company
Viridian Capital Ltd	Northern Ireland*	Holding company
Viridian Enterprises Ltd	Northern Ireland*	Holding company
Viridian Group Limited	Northern Ireland*	Holding company

* Held by a subsidiary undertaking.

On 21 December 2010, the Group completed the sale of Northern Ireland Electricity Limited, NIE Powerteam Limited, Powerteam Electrical Services (UK) Limited and Powerteam Electrical Services Limited. The sale is analysed as follows:

	As at 21 December 2010
	£m
Net assets disposed of:	
Tangible fixed assets	**1,210.9**
Intangible assets—goodwill	**490.7**
Intangible assets—other	**40.5**
Stocks	**7.9**
Debtors (amounts falling due within one year)	**69.3**
Cash at bank and in hand	**9.0**
Creditors (amounts falling due within one year)	**(491.4)**
Creditors (amounts falling due after more than one year)	**(192.4)**
Provisions	**(10.0)**
Deferred tax liability	**(118.2)**
Deferred income	**(236.8)**
Pension surplus	**4.3**
	783.8
Costs of disposal	**25.0**
Profit on disposal	**25.1**
	833.9
Satisfied by:	
Cash consideration	**833.9**
Net inflow of funds to Group:	
Cash	**833.9**
Costs of disposal	**(17.8)**
Inter-group loans repaid	**215.7**
Cash disposed of	**(9.0)**
	1,022.8

During the period 1 April 2010 to 21 December 2010 Northern Ireland Electricity Limited, NIE Powerteam Limited, Powerteam Electrical Services (UK) Limited and Powerteam Electrical Services Limited made a profit after tax of £3.7m, generated £67.0m of the Group's net operating cash flows, paid £12.1m in respect of investments and servicing of finance, paid £11.5m in respect of taxation and utilised £59.1m for capital expenditure and financial investment.

	2011	2010
	£m	£m
Other investment	**0.9**	0.9

13. Stocks

	2011	2010
	£m	£m
Materials and consumables	**10.5**	13.2
Work-in-progress	**—**	3.3
	10.5	16.5

14. Debtors

	2011 £m	2010 £m
Amounts falling due within one year:		
Trade debtors (including unbilled consumption)	**173.8**	201.6
Other amounts owed by fellow group undertaking	**1.8**	—
Prepayments and accrued income	**26.5**	30.9
Loan receivable	**—**	0.2
Other debtors	**13.9**	2.1
	216.0	234.8
Amounts falling due after more than one year:		
Loan receivable from fellow subsidiary	**116.6**	—
Loan receivable	**—**	0.1

15. Current Asset Investments

	2011 £m	2010 £m
Short-term bank deposits	**41.9**	75.8
Short-term managed funds	**1.3**	1.6
	43.2	77.4

Short-term bank deposits and short-term managed funds are invested for periods of between one day and three months depending on the cash requirements of the Group, and earn interest at short-term deposit rates.

16. Creditors

	2011 £m	2010 £m
Amounts falling due within one year:		
Trade creditors	**53.6**	54.8
Other creditors	**38.2**	28.9
Payments received on account	**25.0**	56.7
Interest payable on loans	**4.0**	13.6
Loan from parent undertaking	**543.2**	542.9
Other amounts owed to fellow group undertaking	**—**	0.5
Other loan	**—**	1.2
Loan notes	**13.9**	21.4
Corporation tax	**7.1**	11.0
Tax and social security	**2.9**	5.3
Accruals	**149.8**	156.7
Senior bank facility	**340.9**	—
Project financed bank facility (RoI)	**2.1**	—
	1,180.7	893.0
Amounts falling due after more than one year:		
Eurobond	**—**	192.4
Senior bank facility	**—**	1,212.0
Project financed bank facility (RoI)	**19.7**	11.7
Project financed bank facility (NI)	**13.8**	—
Interest accruals	**—**	49.2
	33.5	1,465.3

The senior bank facility is secured by way of fixed and floating charges over the assets of the Group's material non-regulated subsidiaries, together with a first-ranking charge over the Company's shareholding in Viridian Group Investments Limited.

The project financed bank facility (RoI) is secured by way of fixed and floating charges over the assets of EWP and its subsidiaries.

The project financed bank facility (NI) is secured by way of fixed and floating charges over the assets of Viridian Funding Limited (VFL) and its subsidiaries.

Interest is charged under both the senior and project financed facilities at floating interest rates based on LIBOR and EURIBOR.

17. Loans

Loans and other borrowings outstanding, included within creditors, are repayable as follows:

	2011	2010
	£m	£m
In one year or less or on demand	**904.1**	579.1
In more than one year but less than two years	**3.7**	1,212.0
In more than two years but not more than five years	**23.9**	—
In more than five years	**5.9**	253.3
	937.6	2,044.4

Details of borrowings not wholly repayable within five years are as follows:

	2011	2010
	£m	£m
Eurobond	**—**	192.4
Project financed bank facility (RoI)	**—**	11.7
Project financed bank facility (NI)	**13.8**	—
Interest accruals	**—**	49.2
	13.8	253.3

The principal features of the Group's borrowings not wholly repayable within five years are as follows:

The project financed bank facility (NI) is repayable in semi-annual instalments to 2030. The loan is secured over the assets of VFL and its subsidiaries and carries interest fixed at 3.55% through interest rate swaps.

Details of borrowings wholly repayable within five years are as follows:

	2011	2010
	£m	£m
Senior bank facility	**340.9**	1,212.0
Loan from fellow group undertaking	**543.2**	542.9
Project financed bank facility (RoI)	**21.8**	—
Loan notes	**13.9**	21.4
Other loan	**—**	1.2
Interest accruals	**4.0**	13.6
	923.8	1,791.1

18. Provisions

	At 1 April 2010	Applied in the year	Released to profit and loss	Increase in provisions	Unwinding of discount	Disposal of subsidiaries	At 31 March 2011
	£m	£m	£m	£m	£m	£m	£m
Environment	**5.0**	—	—	—	—	(5.0)	**—**
Liability and damage claims	**5.4**	(0.2)	(0.6)	0.1	—	(4.6)	**0.1**
Decommissioning	**9.8**	—	—	0.1	0.3	—	**10.2**
Reorganisation and restructuring	**0.5**	—	(0.1)	—	—	(0.4)	**—**
	20.7	**(0.2)**	**(0.7)**	**0.2**	**0.3**	**(10.0)**	**10.3**

Liability and damage claims

Notwithstanding the intention of the directors to defend vigorously claims made against the Group, liability and damage claim provisions have been made which represent the directors' best estimate of costs expected to arise from ongoing third party litigation matters and employee claims. These provisions are expected to be utilised within a period not exceeding five years.

Decommissioning

Provision has been made for decommissioning generation assets. The provision represents the present value of the current estimated costs of closure of the plants at the end of their useful economic lives. The provisions have been discounted using rates of between 3.86% and 3.92% (2010—between 3.67% and 3.70%) and are expected to be utilised within a period not exceeding thirty years.

19. Deferred Income

	Grants	Customers' contributions	Total
	£m	£m	£m
At 1 April 2010	**9.4**	**218.0**	**227.4**
Receivable	—	15.5	15.5
Released to the profit and loss account	(0.4)	(5.5)	(5.9)
Disposal of subsidiary	(8.8)	(228.0)	(236.8)
At 31 March 2011	**0.2**	**—**	**0.2**

Total contributions receivable during the year ended 31 March 2011 of £15.5m (£14.8m—2010).

20. Pension Commitments

Following the disposal of NIE and Powerteam, NIE became the principal employer of the NIE Pension Scheme (formerly Viridian Group Pension Scheme). Under the terms of the sale, all members in deferment and in payment continued to participate in the NIE Pension Scheme and the Group was entitled to continue to participate in the NIE Pension Scheme until 31 March 2011 until a new pension scheme was established to provide similar benefits to the remaining active members of the Group.

A new scheme, the Viridian Group Pension Scheme (2011) ("VGPS"), was established with effect from 1 April 2011. VGPS has two sections: a money purchase section (known as 'Options') and a defined benefit section (known as 'Focus'). The defined benefit section is closed to new entrants. There is also a money purchase arrangement for employees in the RoI known as 'Choices'. Most employees of the Group are members of VGPS or Choices. There is a risk that the cost of funding the defined benefit section could increase if investment returns are lower than expected, mortality rates improve or salary or benefit increases are higher than expected. The VGPS trustees seek the advice of professional investment managers regarding the scheme's investments.

The calculation of the bulk transfer of accrued benefits of consenting active members from the NIE Pension Scheme to VGPS is underway by the NIE Pension Scheme actuary and will be agreed by the VGPS trustees. The bulk transfer is expected to take place later this year and the trustees are expected to carry out an actuarial valuation by 31 March 2012.

In addition the Complementary Pension Plan (CPP) provides benefits for salary above HM Revenue & Customs' earnings cap to certain Group directors. The assets of the schemes are held under trust and invested by the trustees on the advice of professional investment managers.

The actuaries to VGPS, have provided a valuation of Focus and the CPP under FRS 17 at 31 March 2011 based on the following assumptions (in nominal terms) and using the projected unit method.

	2011	**2010**
Rate of increase in pensionable salaries	**4.40% per annum**	4.45% per annum
Rate of increase in pensions in payment	**2.70% per annum**	3.45% per annum
Discount rate	**5.70% per annum**	5.60% per annum
Inflation assumption	**2.70% per annum**	3.45% per annum
Life expectancy:		
Current pensioners (at age 60)—males	**25.2 years**	25.0 years
Current pensioners (at age 60)—females	**27.9 years**	27.7 years
Future pensioners (at age 60)—males	***26.9 years**	*26.7 years
Future pensioners (at age 60)—females	***29.6 years**	*29.4 years

* Life expectancy from age 60 for males and females currently aged 40.

The life expectancy assumptions are based on standard actuarial mortality tables and include an allowance for future improvements in life expectancy.

During the year ended 31 March 2011, the scheme moved from an RPI inflation assumption to one based on CPI, the resultant gain on scheme liabilities was £88.9m.

The valuation under FRS 17 at 31 March 2011 shows a net pension liability (before deferred tax) of £1.1m (2010—£130.6m). A 0.1% increase/decrease in the assumed discount rate would decrease/increase the net pension liability by £0.8m. A 0.1% increase/decrease in the assumed inflation rate would increase/decrease the net pension liability by £0.8m.

Assets and Liabilities

The assets and liabilities of Focus and the CPP and the expected rates of return are:

	Value at 31 March 2011	**Expected rate of return**	**Value at 31 March 2010**	**Expected rate of return**
	£m	**%**	**£m**	**%**
Equities	**7.8**	**7.5**	335.4	7.7
Bonds	**10.5**	**4.9**	502.6	5.0
Other	**2.3**	**4.3**	30.9	4.5
Total market value of assets	**20.6**		**868.9**	
Actuarial value of liabilities	**(21.7)**		**(999.5)**	
Net pension liability before deferred tax	**(1.1)**		(130.6)	
Related deferred tax asset	**0.3**		36.5	
Net pension liability	**(0.8)**		**(94.1)**	

The expected rate of return on equities is based on the expected median return over the long-term. The expected rate of return on bonds is measured directly from actual market yields for UK gilts and corporate bonds. Other assets include cash balances and other investments. The expected rate of return on these assets is measured directly from short-term market interest rates.

Changes in the market value of assets

	2011	**2010**
	£m	**£m**
Market value of assets at 1 April	**868.9**	**716.5**
Expected return	**36.5**	39.1

Contributions from employer	**25.3**	13.7
Contributions from scheme members	**0.5**	0.8
Curtailments	**(1.5)**	—
Benefits paid	**(36.7)**	(50.8)
Other transfer	**—**	2.5
Discontinued operations share of assets at date of disposal	**(744.1)**	5.6
Actuarial gains	**15.3**	141.5
Settlements	**(143.6)**	—
Market value of assets at 31 March	**20.6**	**868.9**

The Group expects to make contributions of £0.6m to Focus and the CPP in 2011/12 in respect of current service pension costs. During the year ended 31 March 2011, the Group made contributions of £25.3m, comprising past service pension costs £6.4m, current service contributions £6.6m and £12.3m in respect of those members not transferring to the new scheme; it is expected that contributions in respect of past service will decrease significantly in 2011/12 to £0.3m in line with the funding requirements of the new VGPS.

Changes in the actuarial value of liabilities

	2011	2010
	£m	£m
Actuarial value of liabilities at 1 April	**999.5**	**772.1**
Interest cost	**40.2**	50.8
Current service cost	**6.7**	5.4
Curtailments	**(1.5)**	0.2
Contributions from scheme members	**0.5**	0.8
Benefits paid	**(36.7)**	(50.8)
Other transfer	**—**	2.8
Discontinued operations share of liabilities at date of disposal	**(739.8)**	2.9
Settlements	**(131.4)**	—
Actuarial (gain)/loss	**(115.8)**	215.3
Actuarial value of liabilities at 31 March	**21.7**	**999.5**

Analysis of the amount charged to operating costs	2011	2010
	£m	£m
Current service cost	**6.7**	5.4
Curtailment	**—**	0.2
Settlements	**12.2**	—
Total operating charge	**18.9**	5.6

The Focus section is closed to new members and therefore under the projected unit method the current service cost for members of this section as a percentage of salary will increase as they approach retirement age.

Analysis of the amount charged to net pension scheme interest	2011	2010
	£m	£m
Expected return on assets	**36.5**	39.1
Interest on liabilities	**(40.2)**	(50.8)
Net pension scheme interest	**(3.7)**	(11.7)

Analysis of amount recognised in the Statement of Comprehensive Income	2011	2010
	£m	£m
Actual return on scheme assets	**51.8**	180.6
Less: expected return on scheme assets	**(36.5)**	(39.1)
Actuarial gain on assets	**15.3**	141.5
Actuarial gain/(loss) on liabilities	**115.8**	(215.3)
Net actuarial gain/(loss)	**131.1**	(73.8)

The cumulative actuarial gain recognised in the statement of total recognised gains and losses since 18 July 2006 is £62.6m.

History of experience gains and losses	2011	2010	2009	2008	2007
	£m	£m	£m	£m	£m

Market value of assets	**20.6**	868.9	716.5	857.1	882.1
Actuarial value of liabilities	**(21.7)**	(999.5)	(772.1)	(865.4)	(910.1)
Net pension liability before deferred tax	**(1.1)**	(130.6)	(55.6)	(8.3)	(28.0)
Experience gains/(losses) on assets	**15.3**	141.5	(146.1)	(45.7)	2.8
Experience gains/(losses) on liabilities	**0.3**	5.3	(1.0)	(0.4)	(5.4)

21. Share Capital

Allotted and fully paid	Ordinary shares	Ordinary shares
	Number	£
Share capital issued—ordinary shares of £1.00	1,510	1,510
At 31 March 2010 and 2011	**1,510**	**1,510**

22. Reconciliation of Shareholders' Funds and Movements in Reserves

	Share capital	Share premium	Accumulated profits	Total
	£m	£m	£m	£m
At 1 April 2009	**—**	**510.0**	**(251.0)**	**259.0**
Total recognised gains and losses relating to the year	—	—	(40.0)	(40.0)
At 1 April 2010	—	510.0	(291.0)	219.0
Total recognised gains and losses relating to the year	—	—	(94.7)	(94.7)
At 31 March 2011	**—**	**510.0**	**(385.7)**	**124.3**

23. Notes to the Group Cash Flow Statement

(i) Reconciliation of Operating Profit to Cash Flow from Operating Activities:

	2011	2010
	£m	£m
Operating profit	**67.5**	142.6
Adjustments for:		
Amortisation of goodwill	**55.6**	64.4
Depreciation of tangible fixed assets	**60.7**	68.3
Amortisation of software costs	**5.1**	7.2
Amortisation of customers' contributions and grants	**(5.9)**	(7.8)
Defined benefit pension charge less contributions paid	**(6.4)**	(8.1)
Net movement in provisions	**(0.7)**	(3.8)
Operating cash flows before movement in working capital	**175.9**	262.8
Increase in stock	**(1.9)**	(4.0)
(Increase)/decrease in debtors	**(38.7)**	21.9
Increase/(decrease) in creditors	**51.8**	(29.1)
Effects of foreign exchange	**0.9**	1.5
Net cash inflow from operating activities	**188.0**	253.1

(ii) Reconciliation of Operating Profit to Cash Flow from Operating Activities—Continuing operations/Discontinued operations analysis:

	Continuing 2011	Discontinued 2011	Group 2011	Continuing 2010	Discontinued 2010	Group 2010
	£m	£m	£m	£m	£m	£m
Operating profit	**40.7**	**26.8**	**67.5**	63.9	78.7	142.6
Adjustments for:						
Amortisation of goodwill	**33.4**	**22.2**	**55.6**	33.7	30.7	64.4
Depreciation of fixed assets	**24.2**	**36.5**	**60.7**	19.5	48.8	68.3
Amortisation of software costs	**1.2**	**3.9**	**5.1**	1.4	5.8	7.2
Amortisation of customers' contributions and grants	**—**	**(5.9)**	**(5.9)**	—	(7.8)	(7.8)
Defined benefit pension charge less contributions paid	**(1.2)**	**(5.2)**	**(6.4)**	(2.6)	(5.5)	(8.1)
Net movement in provisions	**(0.7)**	**—**	**(0.7)**	(0.9)	(2.9)	(3.8)

Operating cash flows before movement in working capital	**97.6**	**78.3**	**175.9**	115.0	147.8	262.8
Increase in stock	**(1.1)**	**(0.8)**	**(1.9)**	(4.0)	—	(4.0)
(Increase)/decrease in debtors	**1.4**	**(40.1)**	**(38.7)**	21.0	0.9	21.9
Increase/(decrease) in creditors	**22.2**	**29.6**	**51.8**	(30.0)	0.9	(29.1)
Effects of foreign exchange	**0.9**	**—**	**0.9**	1.6	(0.1)	1.5
Net cash inflow from operating activities	**121.0**	**67.0**	**188.0**	103.6	149.5	253.1

Net cash inflow from operating activities in 2011 includes exceptional cash outflows of £7.3m and £12.3m in respect of the payment of carbon revenue levy costs and pension settlements, respectively.

(iii) Returns on investments and servicing of finance—Continuing operations/Discontinued operations analysis:

	Continuing 2011	Discontinued 2011	Group 2011	Continuing 2010	Discontinued 2010	Group 2010
	£m	£m	£m	£m	£m	£m
Returns on investments and servicing of finance						
Interest received	**2.3**	**—**	**2.3**	0.4	—	0.4
Interest paid	**(71.5)**	**(12.1)**	**(83.6)**	(60.3)	(12.1)	(72.4)
Issue costs on new long-term loans	**(2.0)**	**—**	**(2.0)**	(3.6)	—	(3.6)
Exceptional settlement of swap accretion[1]	**(69.3)**	**—**	**(69.3)**	—	—	—
Exceptional finance costs[2]	**(8.6)**	**—**	**(8.6)**	—	—	—
	(149.1)	**(12.1)**	**(161.2)**	(63.5)	(12.1)	(75.6)

(1) Reflects the settlement of RPI swap accretion as a result of the novation of the interest rate swaps as part of the disposal of NIE to ESB.

(2) See note 5 to the accounts.

(iv) Taxation—Continuing operations/Discontinued operations analysis:

	Continuing 2011	Discontinued 2011	Group 2011	Continuing 2010	Discontinued 2010	Group 2010
	£m	£m	£m	£m	£m	£m
Taxation						
Taxation receipt/(payment)	**6.4**	**(11.5)**	**(5.1)**	17.2	(21.2)	(4.0)
	6.4	**(11.5)**	**(5.1)**	17.2	(21.2)	(4.0)

(v) Capital expenditure and financial investment—Continuing operations/Discontinued operations analysis:

	Continuing 2011	Discontinued 2011	Group 2011	Continuing 2010	Discontinued 2010	Group 2010
	£m	£m	£m	£m	£m	£m
Capital expenditure and financial investment						
Purchase of tangible fixed assets	**(45.3)**	**(68.9)**	**(114.2)**	(13.1)	(91.6)	(104.7)
Purchase of intangible assets[1]	**(24.7)**	**(5.7)**	**(30.4)**	(16.2)	(0.2)	(16.4)
Proceeds from disposal of intangible assets	**18.1**	**—**	**18.1**	18.5	—	18.5
Contributions in respect of tangible fixed assets	**—**	**15.5**	**15.5**	—	14.8	14.8
Loan receivable from fellow subsidiary	**(116.6)**	**—**	**(116.6)**	—	—	—
	(168.5)	**(59.1)**	**(227.6)**	(10.8)	(77.0)	(87.8)

(1) Includes purchase of software for continuing operations and discontinued operations of £3.5m (2010—£0.3m) and £5.7m (2010—£0.2m) respectively.

Given the centralised nature of the Group's Treasury function and policies, the Directors are unable to provide an analysis of other cash flows within the cash flow statement between continued and discontinued operations.

24. Analysis of Net Debt

	At 1 April 2010	Cash flow	Non cash movement	Reclassification	Translation difference	Disposal of subsidiaries	At 31 March 2011
	£m	£m	£m	£m	£m	£m	£m
Cash at bank and in hand	12.9	3.6	—	—	—	—	**16.5**
Current asset investments	77.4	(33.7)	—	—	(0.5)	—	**43.2**
Loan receivable from fellow subsidiary	—	116.6	—	—	—	—	**116.6**
Debt due within one year	(557.7)	1.0	9.8	(343.3)	—	—	**(890.2)**
Debt due after more than one year	(1,465.3)	842.5	41.9	343.3	11.7	192.4	**(33.5)**
Loan notes	(21.4)	7.5	—	—	—	—	**(13.9)**
	(1,954.1)	937.5	51.7	—	11.2	192.4	**(761.3)**

Current asset investments are regarded as liquid resources for the purpose of the cash flow statement.

25. Off Balance Sheet Arrangements and Lease Obligations

The Group had entered into operating lease arrangements for the hire of equipment and buildings as these arrangements are a cost efficient way of obtaining the short term benefits of these assets. The Group rental charges in respect of these arrangements are disclosed in note 4. The Group’s annual commitments under these arrangements are disclosed below.

The Group has also entered into generating contracts with generating companies in Northern Ireland to make payments for the availability of generating capacity as well as for the purchase of electricity generated. The principal contracts are with AES Ballylumford Ltd (Ballylumford, formerly Premier Power Ltd), AES Kilroot Power Ltd (Kilroot) and Coolkeragh ESB Limited (Coolkeeragh). The main Ballylumford contracts expire in September 2018 but the Company has an option to extend them by five years to 2023. The early termination of 520MW of contracted capacity at Kilroot was exercised from 1 November 2010, following direction from NIAUR, with the remaining Kilroot capacity contracted to 2024. The Coolkeeragh contract expires in 2020. NIAUR has early contract cancellation rights, which can be exercised with 180 days notice, and these rights are currently exercisable for all contracts except the main Ballylumford contracts which can not be cancelled before 1 April 2012.

There are no other material off balance sheet arrangements.

Annual commitments under non-cancellable operating leases are as follows:

	Plant and equipment		Land and buildings	
	2011	2010	2011	2010
	£m	£m	£m	£m
Within one year	**—**	0.6	**0.1**	0.3
After one year but not more than five years	**0.1**	0.1	**0.2**	0.3
More than five years	**—**	—	**0.5**	0.7
	0.1	0.7	**0.8**	1.3

Estimated availability payments to generators, which are dependent on the availability of the generators and are therefore variable in nature are as follows:

	2011	2010
	£m	£m
Within one year	**80.7**	171.5
After one year but not more than five years	**161.3**	701.4
More than five years	**148.7**	1,371.7
	390.7	2,244.6

26. Commitments and Contingent Liabilities

(i) Capital commitments

At 31 March 2011 the Group had contracted future capital expenditure in respect of tangible fixed assets of £11.0m (2010—£19.9m).

(ii) Contingent liabilities

Protected persons

The Group has contingent liabilities in respect of obligations under the Electricity (Protected Persons) Pensions Regulations (Northern Ireland) 1992 to protect the pension rights of employees of NIE plc at privatisation. This includes members employed in companies which have subsequently been disposed of by the Group. The Group does not anticipate that any liability will arise.

Generating contracts

Under the terms of the PPB generating contracts, where modifications to generating equipment are necessary as a result of a change in law and a generator is unable to procure the necessary financing, PPB must either provide such finance or pay the costs incurred by the generator in carrying out such modifications. The costs incurred by PPB in meeting these obligations are recoverable under the applicable provisions of the NIE Energy licence, but would require to be financed by PPB until such recovery is achieved. The Group does not anticipate any liability for modifications which require financing and no provision has been made.

Liability and damage claims

In the normal course of business the Group has contingent liabilities arising from claims made by third parties and employees. Provision for a liability is made (as disclosed in note 18) when the directors believe that it is probable that an outflow of funds will be required to settle the obligation where it arises from an event prior to the year end. The Group does not anticipate that any material liabilities will arise other than those recognised in the accounts.

27. Financial Instruments

An explanation of the Group's objectives, policies and strategies in respect of financial instruments can be found in the Risk Management and Principal Risks and Uncertainties section of the Directors' Report.

Details of the Group's undrawn committed facilities can also be found in the Risk Management and Principal Risks and Uncertainties section of the Directors' Report.

Interest rate risk profile of financial assets and liabilities

Financial assets

The disclosures below exclude short-term debtors.

Interest rate and currency profile:

As at 31 March	Floating rate	Non interest bearing	Total financial assets
	£m	£m	£m
2011: Sterling	**75.5**	**0.9**	**76.4**
Euro	**100.8**	**—**	**100.8**
	176.3	**0.9**	**177.2**
2010: Sterling	30.7	1.0	31.7
Euro	59.6	—	59.6
	90.3	1.0	91.3

Non-interest bearing financial assets comprise loan receivables and other investments. The Sterling and Euro floating rate financial assets comprise monies on deposit earning interest based on LIBOR and EURIBOR respectively.

Financial liabilities

Interest rate and currency profile taking into account interest rate swaps:

As at 31 March	Fixed rate	Floating rate	Total financial liabilities	Weighted average interest rate	Weighted average period for which rate is fixed
	£m	£m	£m	%	Years
2011: Sterling	**264.7**	**105.2**	**369.9**	**4.44**	**20.5**
Euro	**363.8**	**203.9**	**567.7**	**5.41**	**4.2**
	628.5	**309.1**	**937.6**	**6.74**	**10.2**
2010: Sterling	998.0	248.6	1,246.6	6.45	18.8
Euro	415.1	382.7	797.8	5.24	4.7
	1,413.1	631.3	2,044.4	5.52	14.5

The Sterling floating rate financial liabilities comprise loan notes and Sterling denominated bank borrowings bearing interest based on LIBOR. The Euro floating rate financial liabilities comprise Euro denominated bank borrowings bearing interest based on EURIBOR.

Fair value

Changes in the fair value of instruments used as hedges are not recognised in the accounts until the hedged position matures. Unrecognised gains and losses on instruments used for hedging, and the movements therein, are as follows:

	Losses on hedges	Profits on hedges	Unrecognised total net losses
	£m	£m	£m
Profits/(losses) on hedges at 1 April 2009	**(477.9)**	**73.6**	**(404.3)**
Profits/(losses) arising in previous years included in current year profit and loss account	203.1	(73.3)	129.8
Profits/(losses) arising before 1 April 2009 not included in current year profit and loss account	(274.8)	0.3	(274.5)
Profits/(losses) arising in the year	(25.6)	16.0	(9.6)
Net profits/(losses) on hedges at 1 April 2010	**(300.4)**	**16.3**	**(284.1)**
Profits/(losses) arising in previous years included in current year profit and loss account	76.6	(12.5)	64.1
Profits/(losses) arising before 1 April 2010 not included in current year profit and loss account	(223.8)	3.8	(220.0)
Profits/(losses) arising in the year	166.1	46.0	212.0
Net profits/(losses) on hedges at 31 March 2011	**(57.8)**	**49.8**	**(8.0)**
Of which:			
Profits/(losses) expected to be recognised in 2011/12	(34.9)	47.3	12.4
Profits/(losses) expected to be recognised in 2012/13 or later	(22.9)	2.5	(20.4)
	(57.8)	**49.8**	**(8.0)**

The estimated fair values of the Group's derivative assets and liabilities are as follows:

	2011	2010
	£m	£m
Financial instruments		
Commodity swap contracts	**32.1**	(43.6)
Interest rate swap contracts	**(36.5)**	(240.1)
Forward currency contracts	**(0.9)**	(1.1)
CfDs	**(2.7)**	0.7

The fair values of commodity contracts and forward currency contracts have been calculated by applying the forward price derived from third party market price quotations.

The fair value of interest rate swaps has been valued by calculating the present value of future cash flows, estimated using forward rates from third party market price quotations. The fair value excludes accretion of £nil (2010—£49.2m) which is included in interest accruals.

The fair value of CfDs has been calculated by applying to a third party valuation model the forward prices derived from third party market price quotations of the commodities underlying CfDs.

The directors consider that the carrying amount of investments, loan receivables, cash at bank and in hand, loans and other borrowings equates to fair value.

28. Related Party Transactions

During the year the Group contributed £27.4m (2010—£15.9m) to VGPS and the CPP. The Group also received £0.3m (2010—£0.3m) in respect of administrative services provided to VGPS.

During the year the Group paid £4.5m (£3.0m—2010) to Arcapita Ltd in respect of management fees which include amounts relating to the remuneration of Arcapita appointed directors, but which it is not possible to identify separately. Arcapita Ltd, a company incorporated in Great Britain, and is a fellow subsidiary of the Company. The immediate parent undertaking of Arcapita Ltd is Arcapita (Europe) Limited, a company incorporated in the Cayman Islands and its ultimate parent undertaking and controlling party is Arcapita Bank B.S.C.(c), a company incorporated in the Kingdom of Bahrain.

The parent undertaking of the Company is Viridian Group Holdings Limited, a company incorporated in the Cayman Islands. The ultimate parent undertaking and controlling party of the Group is Arcapita Bank B.S.C.(c), a company incorporated in the Kingdom of Bahrain.

As at 31 March 2011 the Group owed £543.2m to Viridian Group Holdings Limited (2010 £542.9m) which is repayable on demand. Interest of £27.2m was paid to Viridian Group Holdings Limited in respect of this loan in the year ended 31 March 2011 (2010 £27.6m).

During the year the Group advanced loans totalling £116.6m (2010—£nil) to ElectricInvest (Cayman) Limited, a fellow subsidiary undertaking of the Company. These loans remain outstanding as at 31 March 2011 (2010—£nil), with interest of £1.5m (2010—£nil) received by the Group during the year ended 31 March 2011 (2010—£nil). ElectricInvest (Cayman) Limited has utilised £51.6m of these loans to acquire £57.6m of loans payable under Viridian Group Holdings Limited's junior bank facility as at 31 March 2011. The remaining £65m is held in an escrow investment account in respect of which the Group acts as the escrow agent. The loans are repayable by ElectricInvest (Cayman) Limited coterminous with the repayment by Viridian Group Holdings Limited of its junior bank facility and at a premium amounting to that element of the discount obtained (if any) by ElectricInvest (Cayman) Limited in acquiring junior loans which it later recovers on settlement of those loans by Viridian Group Holdings Limited.

GLOSSARY OF TERMS

1992 Order	Electricity (Northern Ireland) Order 1992
1999 Act	Electricity Regulation Act 1999
2002 Act	Gas (Interim) (Regulation) Act 2002
2003 Order	Energy (Northern Ireland) Order 2003
2007 Act	Electricity Regulation (Amendment) (Single Electricity Market) Act 2007
Arcapita	Arcapita Bank B.S.C.(c)
BGE	Bord Gáis Éireann
CBI	Confederation of British Industry
CCGT	combined-cycle gas turbine
CER	Commission for Energy Regulation
CfDs	contracts for differences
Choices	money purchase pension arrangement for employees in the RoI
CO	carbon monoxide
CO_2	carbon dioxide
Company	Viridian Group Investments Limited
CPI	Consumer Price Index in the RoI
CPP	Complementary Pension Plan
CSR	Corporate Social Responsibility
DCENR	Department of Communications, Energy and Natural Resources in the RoI
DETI	Department of Enterprise, Trade and Investment in Northern Ireland
EBITDA	earnings before interest, tax, depreciation and amortisation
EirGrid	EirGrid plc
Energia	VP&E's competitive energy supply business
ESB	Electricity Supply Board
ESBIE	ESB Independent Energy
Focus	defined benefit section of VGPS
FRS	Financial Reporting Standards
Group	Viridian Group Holdings Limited and its subsidiary undertakings
GW	gigawatt
GWh	gigawatt hour
Huntstown 1	Phase one of Huntstown Power Station—343MW CCGT
Huntstown 2	Phase two of Huntstown Power Station—404MW CCGT
ICT	information and communication technology
IPPC	Integrated Pollution Prevention and Control
ISO	International Organization for Standardization
KPI	key performance indicator
LTIR	lost time incident rate
LEU	large energy user
Minister	Minister for Communications, Energy and Natural Resources
MW	megawatt
MWh	megawatt hour
NIAUR	Northern Ireland Authority for Utility Regulation
NIE	Northern Ireland Electricity Limited
NIE Energy	NIE Energy Limited
NO_x	oxides of nitrogen
Northgate	Northgate Managed Services Limited
OHSAS	Occupational Health and Safety Management Systems Specification
Options	money purchase section of VGPS
PPA	power purchase agreement
PPB	Power Procurement business
PSO	public service obligation
RAs	Regulatory Authorities
REFIT	Renewable Energy Feed-In Tariff scheme
RMC	Risk Management Committee
RO	UK Renewable Obligation
ROCs	Renewable Obligation Certificates
RoI	Republic of Ireland
RPI	Retail Price Index
SEE	social, environmental and ethical
SEM	Single Electricity Market
SEMO	Single Electricity Market Operator

SEM Order .... Electricity (Single Wholesale Market) (Northern Ireland) Order 2007
SME .... small to medium-sized enterprise
SMP .... system marginal price
SO_2 .... sulphur dioxide
SONI .... SONI Limited
TSO .... transmission system operator
TWh .... terawatt hour
UK GAAP .... United Kingdom Generally Accepted Accounting Principles
VGPS .... Viridian Group Pension Scheme (2011)
VP&E .... Viridian Power & Energy

Viridian Group Investments Limited

Accounts

For the year ended 31 March 2010

RISK MANAGEMENT AND PRINCIPAL RISKS AND UNCERTAINTIES (extraction)

Audited Information

The content of the following part of the Annual Report and Accounts of Viridian Group Investments Limited for the year ended 31 March 2010 has been audited by the Company's auditors, Ernst & Young LLP.

The Group operates a structured and disciplined approach to the management of risk. Its approach is to conduct business in a manner which balances costs and risks while taking account of all its stakeholders and protecting the Group's performance and reputation by prudently managing the risks inherent in the businesses. Management regularly identifies and considers the risks to which the businesses are exposed. Management's assessment of the key risks and the associated controls and actions required to mitigate these risks are recorded in business risk registers. Each risk is regularly assessed for the severity of its impact on the business and for the effectiveness of the controls in place. The risk environment is reviewed continually in order to identify new or emerging potential risks.

The Group's Audit Committee plays a key role in internal control and risk management. The Audit Committee monitors the Group's financial reporting processes and the effectiveness of the internal control and risk management systems; reviews and appraises the activities of the internal and external auditors; and provides an open channel of communication among the internal and external auditors, senior management and the Board. For business independence purposes, NIE's Audit Committee carries out this role for NIE.

The Group's Risk Management Committee (RMC) comprises a number of senior managers from across the Group and meets monthly to oversee the management of risks and ensure that adequate and timely action is taken to mitigate and manage risk. The RMC reviews individual business and functional risk registers and reports to the Audit Committee on a regular basis.

The emphasis on sound management structures and policies and procedures is backed up by operational and financial review mechanisms and an externally resourced internal audit function, provided by PricewaterhouseCoopers LLP.

The directors acknowledge that they have responsibility for the Group's systems of internal control and risk management and monitoring their effectiveness. The purpose of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives, to provide reasonable assurance as to the quality of management information and to maintain proper control over the income, expenditure, assets and liabilities of the Group. No system of control can, however, provide absolute assurance against material misstatement or loss. Accordingly, the directors have regard to those specific controls, which in their judgement, are appropriate to the Group's business given the relative costs and benefits of implementing them.

The principal risks and uncertainties that affect the Group are described below but are not intended to be an exhaustive analysis of all the risks that may arise in the ordinary course of business or otherwise.

Competition in generation and supply of electricity

There is a risk that increased competition in generation and supply will reduce margins. Under the SEM, the system marginal price (SMP) is received by all generators and reflects the marginal cost of the last generating unit called to meet demand. Generators also receive capacity payments for their available capacity. The commissioning of new generating capacity may reduce the SMP and lead to lower capacity payments, dependent on plant retirements and overall levels of demand.

The main competitors in the electricity supply markets in both Northern Ireland and the RoI are ESBIE, BGE and Airtricity.

Wholesale electricity price

All electricity bought and sold across the island of Ireland is traded through the SEM. The Group manages wholesale electricity price risk as follows:

- NIE Energy Supply's price control allows it to pass through the costs of wholesale electricity subject to compliance with its economic purchasing obligation, which it discharges by hedging wholesale electricity prices in line with policies agreed with NIAUR;

- PPB is entitled to receive additional revenues from PSO charges to the extent that the revenue it receives from the pool, CfDs and ancillary services is insufficient to cover its regulated entitlement; and

- The gas costs of Huntstown 1 and 2 are hedged in line with Energia's retail electricity sales contracts. Gas price exposure is hedged when fixed price customer contracts are signed. In some of Energia's customer contracts, the electricity price payable by the customer varies according to the price of gas.

Health and safety

The Group is committed to ensuring a safe working environment. The risks arising from inadequate management of health and safety matters are the exposure of employees, contractors and third parties to the risk of injury, potential liability and/or loss of reputation. These risks are closely managed by the Group through the promotion of a strong health and safety culture and well defined health and safety policies. The Group's annual health, safety and risk plans set out detailed targets for the management of safety. There is a strong focus on the audit of work sites and the reporting and reviewing of near miss incidents. The Group's approach to health and safety issues is described more fully in the CSR Report.

Regulation and Legislation

NIE, NIE Energy Supply and PPB are exposed to regulatory risk in respect of their price controls which limit the prices they may charge. The Group's approach to price control reviews is to be pro-active in promoting arrangements that will lead to an agreed outcome. This includes adherence to relevant precedent and best practice. There is regular reporting to NIAUR and DETI on a wide range of financial and other regulatory matters including capital expenditure and licence compliance. Regulatory relationships are managed by senior management through frequent meetings, informed dialogue and formal correspondence.

VP&E is exposed to the impact of regulatory decisions as well as changes in legislation which impact its generation and supply activities. Through its senior management, VP&E maintains regular interaction with NIAUR, CER, the SEM Committee, DETI and DCENR. A pro-active approach is taken to the RAs' consultations on all SEM-related matters.

Business continuity

The Group has measures in place to manage the risk that one or more of its businesses sustains a greater than necessary financial impact through inability to carry on its operations either for a short or prolonged period. In general, such risks are managed through: prudent and safe operational processes; a focused capital expenditure programme; sound maintenance practices; and measures such as business interruption insurance. Each business maintains a business continuity plan and there is an IT disaster recovery plan which covers the whole Group. Business continuity plans are reviewed and tested annually.

The Group's contingency plans to manage the risk from a potential 'flu pandemic were reviewed and updated throughout the year in light of government and World Health Organisation advice.

NIE network reliability

NIE has a key responsibility to maintain a safe and reliable electricity network and to restore supplies as quickly as possible following interruptions. Over the long-term this is achieved by ensuring the correct level of investment in the network. One of the major operational risks is that in the short-term the electricity network, which is primarily of overhead line construction, can be subject to damage, and potentially major disruption, by storms caused by high winds, ice-accretion on power lines resulting from snowfalls, and lightning storms.

NIE has measures in place to manage the risk of damage to the electricity network resulting from adverse weather conditions. These include the strengthening of the network through appropriate investment, reliability-centred network maintenance and a systematic overhead line refurbishment and tree cutting programme. A specific emergency plan exists to address major incidents impacting the network: this plan is regularly reviewed and tested.

Huntstown plant availability

VP&E runs the risk of interruptions to Huntstown 1 and 2's availability. This risk is managed by having long-term maintenance agreements in place with the original manufacturers, Siemens Ireland Limited and Mitsubishi Corporation. VP&E operates the plants to the manufacturers' guidelines within a suite of ISO approved operation, maintenance and safety policies and procedures. The plant designs incorporate industry accepted levels of redundancy for critical plant components and there is regular testing of back up services and standby equipment.

Outsourcing

The Group outsources a range of important ICT and business process services. There is a risk of disruption to the Group if there are service delivery failures. Comprehensive business continuity and disaster recovery plans are maintained to manage this risk. Following an OJEU retendering exercise, Northgate Managed Services Limited (Northgate) was re-appointed to deliver these services to the separate businesses across the Group for the five year period from October 2009. Voice and data telecoms services are provided by eircom through a contract managed by Northgate.

Social, environmental and ethical factors

The Group has in place measures to protect against financial and reputational risk from any failure to manage social, environmental and ethical (SEE) factors. In general, SEE factors are managed through embedding CSR into the Group's management processes and core business activities. Environmental risk, in particular, is managed through: a detailed environmental risk register; environmental action plans; certified environmental management systems; and identification of potential environmental exposures. These matters are monitored by nominated environmental compliance officers in key parts of the business.

Pensions

Most employees of the Group are members of the Viridian Group Pension Scheme (VGPS). This has two sections: 'Options' which is a money purchase arrangement and 'Focus' which is a defined benefit arrangement, closed to new entrants in 1998. There is also a money purchase arrangement for employees in the RoI known as 'Choices'. There is a risk that the cost of funding the Focus section could increase if investment returns are lower than expected, mortality rates improve or salary or benefit increases are higher than expected. The VGPS trustees seek the advice of professional investment managers regarding the scheme's investments.

Following the 31 March 2006 actuarial valuation, the Group agreed with the VGPS trustees to make deficit repair contributions of £6m per annum. Discussions with the trustees are ongoing in relation to the 31 March 2009 actuarial valuation. It is expected that the past service contribution rate will increase reflecting lower than expected investment returns during the three year period since the last valuation and changes in mortality assumptions reflecting VGPS recent experience and the continuing upward trend in observed life expectancies as advised by Hewitt, the actuaries to VGPS.

IT security and data protection

Failure to maintain adequate IT security measures could lead to the loss of data through malicious attack on the Group's IT systems or employee negligence. Loss of Group or customer data could damage the Group's reputation, adversely impact operational performance or lead to a loss of income. The Group actively promotes awareness of IT security and data protection and targeted controls and procedures are in place to mitigate the risks.

Financial control

Strong financial and business controls are necessary to ensure the integrity and reliability of financial and other information on which the Group relies for day-to-day operations, external reporting and for longer term planning. The Group exercises financial and business control through a combination of: appropriately qualified and experienced personnel; rigorous business planning processes; detailed performance analysis; an integrated accounting system; and clearly defined approval limits. The internal auditors test the effectiveness of financial and business controls. The external auditors provide advice on specific accounting and tax issues. Investment decisions are accompanied by detailed analysis, both short and long-term, of the markets in which the Group operates.

Treasury risks

The Group's treasury function manages liquidity, funding, investment and the Group's financial risk, including risk from volatility in currency, interest rates, commodity prices and counterparty credit risk. The treasury function's objective is to manage risk at optimum cost in line with Group policies and procedures approved by the Board. The treasury function employs a continuous forecasting and monitoring process to manage risk and to ensure that the Group complies with its financial covenants.

Liquidity and refinancing risk

The Group is financed through a combination of retained earnings, parent company borrowings, medium-term bank facilities and long-term bonds.

	At 31 March	
	2010	2009
	£m	£m
Investments	**77.4**	50.7
Cash	**12.9**	5.9
Loans and other borrowings	**(2,044.4)**	(2,098.6)
Net debt	**(1,954.1)**	(2,042.0)
Loans and other borrowings maturity analysis:		
In one year or less or on demand	**(579.1)**	(585.1)
In more than one year but less than two years	**(1,212.0)**	(1.5)
In more than two years but less than five years	**—**	(1,282.7)
In more than five years	**(253.3)**	(229.3)
	(2,044.4)	(2,098.6)

The maturity profile of the Group's loans and borrowings is as follows:

Facility	£m	Maturity
Senior bank facility	(1,212.0)	Dec 2011
Loan from parent	(542.9)	On demand
Eurobond	(192.4)	Sept 2018
Loan notes	(21.4)	June 2010— Dec 2011
EWP bank loan facility	(11.7)	Mar 2016
Interest accruals	(62.8)	
Other	(1.2)	
	(2,044.4)	

The Group manages its financial resources in line with the financial covenants in its bank facility. The key financial covenants are the ratios of Funds From Operations (EBITDA less tax paid) to interest paid and Funds From Operations less interest paid to net debt. The covenants are tested for the years ending March and September each year. The Group has a strong track record of covenant compliance. Liquidity risk, including short-term working capital, is managed through maintaining access to a number of sources of funding to meet anticipated funding requirements, including a committed bank facility and cash resources. The main source of liquidity for the Group continues to be cash generated from operations. Group cash forecasts, covering a rolling two year period, are reviewed monthly. At 31 March 2010 the Group had undrawn committed facilities of £219.1m (2009—£130.2m).

During the year non-recourse project finance facilities of €38m were put in place in respect of 24MW of operational windfarms and 19MW of windfarms to be developed, both in the RoI. It is intended that future windfarm projects will also be financed on a non-recourse basis.

The senior bank facility matures in December 2011. The parent company loan is funded by Viridian Group Holdings Limited from a junior debt facility which expires in December 2012. As noted in the Operating Review, the Group has entered into a conditional agreement to sell NIE and Powerteam to ESB. It is intended that the sale proceeds will be applied to reduce existing borrowings and new financing arrangements entered into for the remaining group.

Interest rate risk

The borrowings of the Group are denominated in Sterling and Euro and bear a mixture of fixed and floating interest rates. Interest rate exposure is also managed through the use of derivative financial instruments. The estimated fair value of the Group's derivative financial instruments is disclosed in note 27 to the accounts.

	At 31 March	
	2010	2009
	£m	£m
Loans and other borrowings fixed/floating analysis:		
Fixed rate debt(1)	**(1,460.8)**	(1,505.3)
Variable rate debt	**(583.6)**	(593.3)
	(2,044.4)	(2,098.6)

(1) Fixed through interest rate hedges and the Eurobond

It is Group policy to hedge a minimum of 65% of its debt against interest rate fluctuations.

Foreign currency risk

VP&E and Powerteam Electrical Services receive income and incur expenditure in Euro. VP&E is also exposed to currency movements in respect of its gas purchases denominated in Sterling. The Group's policy is to identify foreign exchange exposures with a value equivalent to or greater than £0.5m with the percentage level of hedging dependent on the specific project. Exchange rate exposures are identified, monitored and hedged through the use of financial instruments (mainly forward currency contracts and swap arrangements). The estimated fair value of the Group's derivative financial instruments is disclosed in note 27 to the accounts.

NIE Energy Supply is exposed to currency movements in respect of its Euro-denominated CfDs with ESB Power Generation. These exposures are hedged in accordance with a policy agreed with NIAUR.

Euro-denominated assets on the Group's balance sheet are broadly matched by Euro borrowings.

Commodity risk

VP&E employs commodity swaps to hedge gas price exposures and forward purchase contracts to hedge its shortfall of CO_2 emission allowances. VP&E's policy is to hedge its exposure to changes in the price of gas and CO_2 emission allowances in line with retail electricity sales contracts. VP&E is entitled to a 68% allocation of CO_2 emission allowances in respect of Huntstown 1 and 2 under phase 2 of the EU Emissions Trading Scheme.

PPB is exposed to commodity price fluctuations in respect of its generation contracts. These exposures are hedged through the use of commodity swaps and forward purchase contracts in accordance with a policy agreed with NIAUR.

VP&E, NIE Energy Supply and PPB enter into CfDs to hedge their exposure to pool price volatility.

The estimated fair value of the Group's derivative financial instruments is disclosed in note 27 to the accounts.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. Provisions are made based on previous experience and identifiable events which indicate a reduction in the recoverability of cash flows. Energia and NIE Energy Supply are not exposed to major concentrations of credit risk in respect of their trade receivables, with exposure spread over a large number of customers. Energia takes out credit insurance in respect of certain trade receivables. NIE and PPB receive security from suppliers in the form of letters of credit, parent company guarantees or cash collateral.

The Group may be exposed to credit-related loss in the event of non-performance by bank counterparties. The Group manages this credit risk by establishing and monitoring counterparty exposure limits which are adjusted and tightened when necessary. The Group actively manages its banking exposures on a daily basis and cash deposits are placed for periods not exceeding one month to provide maximum flexibility. Funds are only invested and derivative contracts entered into with bank counterparties with credit ratings of A− or better. During the year the Group did not suffer any bank counterparty exposure loss.

Going concern

The Group's business activities, together with the principal risks and uncertainties likely to affect its future performance, are described above. As noted in the Operating Review and the liquidity and refinancing risk section above, the Group has entered into a conditional sale agreement in respect of NIE and Powerteam. After making enquiries, which have included discussions with financial advisers and Arcapita Bank B.S.C.(c) (the ultimate parent undertaking and controlling party of the Group), the directors have a reasonable expectation that this sale will be completed and new financing arrangements entered into in respect of the remaining group. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

INDEPENDENT AUDITORS' REPORT

To the members of Viridian Group Investments Limited

We have audited the Group financial statements of Viridian Group Investments Limited for the year ended 31 March 2010 which comprise the Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet, Group Cash Flow Statement and the related notes 1 to 29. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members as a body in accordance with our engagement letter dated 5 February 2010. Our audit work has been undertaken so that we might state to the Company's members those matters we are required under International Standards on Auditing (UK and Ireland) to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with United Kingdom accounting standards.

Our responsibility is to audit the financial statements in accordance with International Standards on Auditing (UK and Ireland) and to report to you our opinion as to whether the financial statements give a true and fair view in accordance with United Kingdom accounting standards.

We read the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Group's affairs as at 31 March 2010 and of its profit for the year then ended in accordance with United Kingdom accounting standards.

Ernst & Young LLP
Belfast
7 July 2010

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2010

	Note	2010	2009
		£m	**£m**
Turnover:			
Continuing operations	3	**1,947.5**	2,252.8
Discontinued operations	3	**—**	18.1
GROUP TURNOVER		**1,947.5**	2,270.9
Operating costs	4	**(1,740.5)**	(2,089.6)
Operating profit before goodwill amortisation:			
Continuing operations		**207.0**	183.7
Discontinued operations		**—**	(2.4)
		207.0	181.3
Goodwill amortisation		**(64.4)**	(64.9)
OPERATING PROFIT		**142.6**	116.4
(Loss)/profit on disposal of discontinued operations	5	**(1.1)**	15.7
Exceptional transaction costs	5	**—**	(4.2)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX		**141.5**	127.9
Net interest payable	7	**(96.9)**	(94.7)
Net pension scheme interest	20	**(11.7)**	(6.9)
Exceptional finance costs	5	**—**	(4.2)
		(108.6)	(105.8)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		**32.9**	22.1
Tax charge on profit on ordinary activities	8	**(28.3)**	(1.7)
PROFIT FOR THE FINANCIAL YEAR		**4.6**	20.4

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 March 2010

	Note	2010	2009
		£m	£m
Profit for the financial year		**4.6**	20.4
Exchange difference on retranslation of foreign subsidiaries		**13.6**	(18.7)
Exchange difference on loan hedged against foreign subsidiary	7	**(4.8)**	(11.3)
Actuarial loss on pension scheme assets and liabilities	20	**(73.8)**	(49.4)
Deferred tax credit on actuarial loss on pension scheme assets and liabilities	8	**20.7**	13.8
Other pension scheme transfer	20	**(0.3)**	—
Total recognised gains and losses relating to the year		**(40.0)**	(45.2)

GROUP BALANCE SHEET

as at 31 March 2010

	Note	2010	2009
		£m	£m
Fixed assets			
Intangible assets	10	**1,143.5**	1,209.6
Tangible assets	11	**1,565.9**	1,534.2
Other investment	12	**0.9**	0.9
		2,710.3	2,744.7
Current assets			
Stocks	13	**16.5**	12.5
Debtors — due within one year	14	**234.8**	267.0
— due after more than one year	14	**0.1**	0.3
Investments	15	**77.4**	50.7
Cash at bank and in hand		**12.9**	5.9
		341.7	336.4
Creditors (amounts falling due within one year)	16	**(893.0)**	(911.0)
Net current liabilities		**(551.3)**	(574.6)
Total assets less current liabilities		**2,159.0**	2,170.1
Creditors (amounts falling due after more than one year)	16	**(1,465.3)**	(1,513.5)
Provisions for liabilities and charges	18	**(20.7)**	(24.1)
Deferred taxation	8	**(132.5)**	(113.1)
Deferred income	19	**(227.4)**	(220.4)
Net assets excluding pension liability		**313.1**	299.0
Defined benefit pension liability	20	**(94.1)**	(40.0)
NET ASSETS		**219.0**	259.0
Equity			
Called up share capital	21	**—**	—
Share premium	22	**510.0**	510.0
Profit and loss account	22	**(291.0)**	(251.0)
TOTAL EQUITY		**219.0**	259.0

The accounts were approved by the Board of directors and authorised for issue on 7 July 2010. They were signed on its behalf by:

Essa Zainal
Director

Date: 7 July 2010

GROUP CASH FLOW STATEMENT

for the year ended 31 March 2010

	Note	2010 £m	2009 £m
Cash flow from operating activities	23	**253.1**	237.2
Returns on investments and servicing of finance			
Interest received		**0.4**	2.4
Interest paid		**(72.4)**	(117.2)
Issue costs on new long-term loans		**(3.6)**	—
Exceptional finance costs		**—**	(4.2)
		(75.6)	(119.0)
Taxation		**(4.0)**	(3.3)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(104.7)**	(123.6)
Purchase of intangible assets	10	**(16.4)**	(20.9)
Proceeds from disposal of intangible assets	10	**18.5**	2.5
Contributions in respect of tangible fixed assets	19	**14.8**	21.5
		(87.8)	(120.5)
Acquisitions and disposals			
Sale of subsidiary undertaking	12	**—**	29.1
Net cash disposed of with subsidiary undertaking	12	**—**	(2.4)
Purchase of subsidiary undertakings	12	**—**	(17.0)
Net cash acquired with subsidiary undertakings	12	**—**	0.5
		—	10.2
Equity dividends paid		**—**	(86.1)
Cash inflow/(outflow) before use of liquid resources and financing		**85.7**	(81.5)
Management of liquid resources			
(Increase)/decrease in bank deposits		**(29.3)**	35.5
Decrease in short-term managed funds		**1.1**	0.8
		(28.2)	36.3
Financing			
Receipts from loans		**35.2**	207.7
Repayment of loans		**(85.7)**	(168.4)
		(50.5)	39.3
Increase/(decrease) in cash in the year		**7.0**	(5.9)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the year		**7.0**	(5.9)
Cash outflow/(inflow) from movement in net debt		**50.5**	(39.3)
Cash outflow/(inflow) from movement in liquid resources		**28.2**	(36.3)
Change in net debt resulting from cash flows		**85.7**	(81.5)
Arising on acquisition of subsidiary		**—**	(28.7)
(Increase)/decrease in interest accruals		**(18.7)**	16.5
Amortisation of financing charges		**(3.2)**	(2.8)
Issue costs on new loans included in net debt		**3.6**	—
Translation difference		**20.5**	(85.0)
Movement in net debt in the year		**87.9**	(181.5)
Net debt at beginning of year		**(2,042.0)**	(1,860.5)
Net debt at end of year	24	**(1,954.1)**	(2,042.0)

NOTES TO THE ACCOUNTS

1. General Information

Viridian Group Investments Limited is a limited company incorporated and domiciled in the Cayman Islands.

2. Accounting Policies

The principal accounting policies are set out below:

Basis of preparation and change in accounting policy

The accounts are prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). The accounts are presented in Sterling (£) with all values rounded to the nearest £100,000 except where otherwise indicated.

Basis of consolidation

The Group accounts consolidate the accounts of Viridian Group Investments Limited (the Company) and entities controlled by the Company (its subsidiaries) to 31 March each year. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of the acquisition is measured as the cash paid plus any costs directly attributable to the acquisition. The acquiree's identifiable assets and liabilities are recognised at their fair value at the acquisition date.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the identifiable net assets of a subsidiary at the date of acquisition. Goodwill is capitalised as an intangible asset and amortised by equal instalments against profit or loss over its estimated useful life which usually does not exceed 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Foreign currency translation

The presentation currency of the Group is Sterling (£). The local currency of subsidiaries incorporated in the Cayman Islands and the UK is Sterling (£). The local currency of subsidiaries incorporated in the RoI and the Grand Duchy of Luxembourg is the Euro (€).

Foreign currency transactions are translated into the local currency at the rates of exchange prevailing on the dates of the transactions or at the contracted rate if the transaction is covered by a forward foreign currency contract. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the balance sheet date, or where appropriate at the forward contract rate, are recognised in the profit and loss account.

On consolidation, the assets and liabilities of the Group's foreign subsidiaries are translated into Sterling at the rate of exchange ruling at the balance sheet date and their profit and loss accounts are translated at the average rates of exchange for the period. Exchange differences arising are recognised in the statement of total recognised gains and losses.

Exchange differences arising on foreign currency borrowings used to hedge foreign currency net investments in foreign subsidiaries are recognised in reserves.

Emissions allowances and renewable obligations

The Group recognises allocation of CO_2 emissions allowances from government or a similar body at £nil value. Purchased CO_2 emissions allowances and renewable obligation certificates (ROCs) are initially recognised at cost (purchase price) within intangible assets. No amortisation is recorded during the period as the intangible asset is surrendered at the end of the compliance period reflecting the consumption of economic benefit.

The Group recognises liabilities in respect of its obligations to deliver emissions allowances to the extent that the allowances to be delivered exceed the level of allocation under the EU emissions trading scheme. Any liabilities recognised are measured based on the current estimates of the amounts that will be required to satisfy the obligation. A liability for the renewables obligation is recognised based on the level of electricity supplied to customers.

Tangible fixed assets and depreciation

Tangible fixed assets are included in the balance sheet at cost, less accumulated depreciation and any recognised impairment loss. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of overheads.

Interest on funding attributable to significant capital projects is capitalised during the period of construction and written off as part of the total cost of the asset.

Freehold land is not depreciated. Other tangible fixed assets are depreciated on a straight-line basis so as to write off the cost, less estimated residual value, over their estimated useful economic lives as follows:

Infrastructure assets—up to 40 years
Generation assets—up to 30 years
Non-operational buildings—freehold and long leasehold—up to 50 years
Fixtures and equipment—up to 25 years
Vehicles and mobile plant—up to 5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. Where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Computer software

The cost of acquiring computer software is capitalised and amortised on a straight-line basis over the directors' estimate of its useful economic life which is between three and ten years. The carrying value of computer software is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of average purchase price and net realisable value.

Financial instruments

Interest bearing loans and borrowings

Interest bearing loans and borrowings are initially recorded at cost, being the proceeds received net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the profit and loss account using the effective interest rate method. Except for interest capitalised in relation to significant capital projects interest payable is reflected in the profit and loss account as it arises.

Trade debtors

Trade debtors do not carry any interest and are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the asset is impaired. Balances are written off when the probability of recovery is assessed as being remote.

Trade creditors

Trade creditors are not interest bearing and are stated at their nominal value.

Derivative financial instruments

The Group considers that its derivative financial instruments qualify for hedge accounting where the instrument relates to a firm committed transaction involving the same underlying variable as the hedged item and the instrument reduces the risk of changes in the underlying variable on the Group's operations. Derivative financial instruments are not reflected in the balance sheet at fair value. Derivative financial instruments are accounted for as follows:

- **Forward exchange contracts, commodity contracts and CfDs**

The rates under such contracts are used to record the hedged item. As a result, gains and losses under these contracts are offset in the profit and loss account in line with the transactions which they are hedging. Where the contract is used to hedge a committed future transaction, it is not recognised until the transaction occurs. If the underlying commitment does not occur and the instrument ceases to be a hedge, a gain or loss is recognised in the profit and loss account.

- **Interest rate swaps**

Amounts receivable or payable in respect of swap agreements are recognised as adjustments to net interest payable in the profit and loss account over the period of the agreement. Where a swap and underlying debt are terminated together, the net gain or loss is included in net interest payable. When swaps are terminated but the underlying debt is retained, any gain or loss is deferred and is amortised to net interest payable over the remaining term of the underlying debt.

Operating lease contracts

Leases are classified as operating lease contracts whenever the terms of the lease do not transfer substantially all the risks and benefits of ownership to the lessee. Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, exclusive of value added tax and other sales related taxes.

The following specific recognition criteria must also be met before turnover is recognised:

- **Energy supply**

Turnover is recognised on the basis of energy supplied during the period. Turnover for energy supply includes an assessment of energy supplied to customers between the date of the last meter reading and the balance sheet date, estimated using historical consumption patterns.

- **Interest receivable**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Government grants and customer contributions

Government grants and customer contributions received in respect of tangible fixed assets are deferred and released to the profit and loss account by instalments over the estimated useful economic lives of the related assets. Grants received in respect of expenditure charged to the profit and loss account during the period are included in the profit and loss account.

Tax

The tax charge represents the sum of tax currently payable and deferred tax. Tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to the statement of recognised gains and losses, in which case the deferred tax is also dealt with in the statement of total recognised gains and losses.

Tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes both items of income or expense that are taxable or deductible in other years as well as items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax payable or recoverable on differences between the carrying amount of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilised.

Deferred tax is not provided in respect of gains arising from the sale or revaluation of fixed assets unless, by the balance sheet date, a binding commitment to sell the asset has been entered into and it is unlikely that any gain will be rolled over.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are calculated on an undiscounted basis at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Provisions

Provisions are recognised when (i) the Group has a present obligation (legal or constructive) as a result of a past event (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is included within net interest payable.

Decommissioning

Provision is made for estimated decommissioning costs at the end of the estimated useful economic lives of generation assets on a discounted basis based on price levels and technology at the balance sheet date. Changes in these estimates and changes to the discount rates are dealt with prospectively. Capitalised decommissioning costs are depreciated over the estimated useful economic lives of the related assets. The unwinding of the discount is included within net interest payable.

Pensions and other post-retirement benefits

The Group has both defined benefit and defined contribution pension arrangements. The amount recognised in the balance sheet in respect of liabilities represents the present value of the obligations offset by the fair value of assets.

Pension scheme assets are measured at fair value, which in the case of quoted securities is the published bid price, and liabilities are measured using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the liabilities. Full actuarial valuations are obtained at least triennially and updated at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur and are recognised outside the profit and loss account and presented in the statement of total recognised gains and losses.

The cost of providing benefits under the defined benefit scheme is charged to the profit and loss account over the periods benefiting from employees' service. Past service cost is recognised immediately to the extent that the benefits are already vested. Curtailment losses are recognised in the profit and loss account in the period they occur. The difference between the expected return on pension scheme assets and the interest on pension scheme liabilities is recognised in the profit and loss account.

Pension costs in respect of defined contribution arrangements are charged to the profit and loss account as they become payable.

Dividends

Dividends are recorded in the period in which they are paid.

Exceptional items

The Group presents as exceptional items on the face of the profit and loss account those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

NOTES TO THE ACCOUNTS

3. Segmental Information

The Group's operating businesses are organised and managed separately according to the nature of the goods and services provided as described in note 12 and in the Business Reviews on pages 14 to 20. The Group's regulated businesses, being NIE (T&D), PPB and NIE Energy Supply, are reported as one segment.

Inter-segment pricing is determined on an arm's length basis.

Turnover and profit on ordinary activities before interest and tax are analysed between the businesses as follows:

	External 2010	Internal 2010	Total 2010	External 2009	Internal 2009	Total 2009
	£m	£m	£m	£m	£m	£m
Turnover						
Continuing operations:						
Ongoing—Regulated	**1,008.1**	**19.9**	**1,028.0**	1,068.1	30.5	1,098.6
VP&E	**912.7**	**7.8**	**920.5**	1,160.3	3.3	1,163.6
Powerteam	**26.3**	**49.5**	**75.8**	23.8	51.5	75.3
Other	**0.4**	**—**	**0.4**	0.6	—	0.6
	1,947.5	**77.2**	**2,024.7**	2,252.8	85.3	2,338.1
Discontinued operations—SONI	**—**	**—**	**—**	18.1	35.6	53.7
Inter-group elimination	**—**	**(77.2)**	**(77.2)**	—	(120.9)	(120.9)
	1,947.5	**—**	**1,947.5**	2,270.9	—	2,270.9
Operating profit/(loss)						
Continuing operations:						
Ongoing—Regulated			**128.9**			96.3
VP&E			**79.4**			91.2
Powerteam			**3.2**			0.6
Other			**(3.4)**			(3.3)
Inter-group elimination			**(1.1)**			(1.1)
			207.0			183.7
Discontinued operations—SONI			**—**			(2.4)
Group operating profit before goodwill amortisation			**207.0**			181.3
Goodwill amortisation						
VP&E			**(1.5)**			(2.0)
Other			**(62.9)**			(62.9)
			(64.4)			(64.9)
Group operating profit			**142.6**			116.4
(Loss)/profit on disposal of discontinued operations—Regulated			**(1.1)**			15.7
Exceptional transaction costs—Other			**—**			(4.2)
Profit on ordinary activities before interest and tax			**141.5**			127.9
Net interest payable			**(96.9)**			(94.7)
Net pension scheme interest			**(11.7)**			(6.9)
Exceptional finance costs			**—**			(4.2)
			(108.6)			(105.8)
Profit on ordinary activities before tax			**32.9**			22.1

The Group operates within two principal geographical areas.

Turnover and profit on ordinary activities are analysed between geographical areas as follows:

	External 2010	Internal 2010	Total 2010	External 2009	Internal 2009	Total 2009
	£m	£m	£m	£m	£m	£m
Turnover by origin						
Continuing operations—UK	**1,187.2**	**236.6**	**1,423.8**	1,273.9	276.3	1,550.2
RoI	**760.3**	**139.1**	**899.4**	978.9	259.8	1,238.7
	1,947.5	**375.7**	**2,323.2**	2,252.8	536.1	2,788.9

Discontinued operations—UK	—	—	—	18.1	35.6	53.7
Inter-group elimination	—	**(375.7)**	**(375.7)**	—	(571.7)	(571.7)
	1,947.5	—	**1,947.5**	2,270.9	—	2,270.9
Turnover by destination						
Continuing operations—UK	**1,187.2**	**244.0**	**1,431.2**	1,259.8	276.3	1,536.1
RoI	**760.3**	**131.7**	**892.0**	993.0	259.8	1,252.8
	1,947.5	**375.7**	**2,323.2**	2,252.8	536.1	2,788.9
Discontinued operations—UK	—	—	—	18.1	35.6	53.7
Inter-group elimination	—	**(375.7)**	**(375.7)**	—	(571.7)	(571.7)
	1,947.5	—	**1,947.5**	2,270.9	—	2,270.9
Operating profit/(loss)						
Continuing operations—UK			**137.9**			97.2
RoI			**70.2**			87.6
Inter-group elimination			**(1.1)**			(1.1)
			207.0			183.7
Discontinued operations—UK			—			(2.4)
Group operating profit before goodwill amortisation			**207.0**			181.3
Goodwill amortisation						
UK			**(62.9)**			(62.9)
RoI			**(1.5)**			(2.0)
			(64.4)			(64.9)
Group operating profit			**142.6**			116.4
(Loss)/profit on disposal of discontinued operations—UK			**(1.1)**			15.7
Exceptional transaction costs—UK			—			(4.2)
Profit on ordinary activities before interest and tax			**141.5**			127.9
Net interest payable			**(96.9)**			(94.7)
Net pension scheme interest			**(11.7)**			(6.9)
Exceptional finance costs			—			(4.2)
			(108.6)			(105.8)
Profit on ordinary activities before tax			**32.9**			22.1

In addition to the disclosures given above, the directors believe the following analysis of the Group's regulated businesses' turnover and operating profit according to regulated entitlement is relevant to understanding the Group's results:

Based on regulated entitlement:

	Turnover		Operating profit	
	2010	**2009**	**2010**	**2009**
	£m	**£m**	**£m**	**£m**
Continuing operations:				
Transmission and Distribution	**236.2**	233.1	**100.4**	102.8
NIE Energy Supply	**596.8**	664.4	**21.2**	13.9
Power Procurement	**361.4**	423.4	**5.8**	3.9
Other	**0.2**	(0.3)	**1.2**	0.1
Inter-business elimination	**(166.9)**	(197.6)	—	—
	1,027.7	1,123.0	**128.6**	120.7
Adjustment for over/(under)-recovery	**0.3**	(24.4)	**0.3**	(24.4)
	1,028.0	1,098.6	**128.9**	96.3
Discontinued operations:				
SONI	—	59.2	—	3.1
Adjustment for under-recovery	—	(5.5)	—	(5.5)
	—	53.7	—	(2.4)

The adjustment for over/(under)-recovery represents the amount by which the regulated businesses over/(under)-recovered against their regulated entitlement.

Net operating assets/(liabilities) are analysed as follows:

By business

	2010	2009
	£m	**£m**
Regulated	**981.4**	932.9
VP&E	**365.2**	394.4
Powerteam	**7.3**	7.7
Other	**(8.5)**	(5.9)
Inter-group elimination	**(10.6)**	(10.0)
Net operating assets	**1,334.8**	1,319.1
Unallocated net liabilities	**(1,115.8)**	(1,060.1)
Total net assets	**219.0**	259.0

By geographical area

	2010	2009
	£m	**£m**
UK	**972.8**	944.1
RoI	**362.0**	375.0
Net operating assets	**1,334.8**	1,319.1
Unallocated net liabilities	**(1,115.8)**	(1,060.1)
Total net assets	**219.0**	259.0

Unallocated net liabilities comprise net debt, deferred tax liabilities, current tax payable, pension liability and goodwill.

4. Operating Costs

Operating costs are analysed as follows:

2010

	Continuing	Discontinued	Total
	£m	**£m**	**£m**
Energy costs	**1,502.2**	—	**1,502.2**
Employee costs (note 6)	**48.4**	—	**48.4**
Depreciation and amortisation	**67.7**	—	**67.7**
Other operating charges	**122.2**	—	**122.2**
	1,740.5	—	**1,740.5**

2009

	Continuing	Discontinued	Total
	£m	**£m**	**£m**
Energy costs	1,834.1	5.2	1,839.3
Employee costs (note 6)	48.6	3.9	52.5
Depreciation and amortisation	65.3	2.6	67.9
Other operating charges	85.5	44.4	129.9
	2,033.5	56.1	2,089.6

The directors have adopted the format in this note so that operating costs are disclosed in a manner appropriate to the Group's activities. The directors believe that the nature of the Group's businesses is such that an analysis of operating costs in the format set out in the EU Fourth and Seventh Company Law Directives is inappropriate.

Operating costs include:

	2010	2009
	£m	**£m**
Depreciation charge on tangible fixed assets	**68.3**	68.2
Associated release of customers' contributions and grants	**(7.8)**	(7.3)
	60.5	60.9

Amortisation of software costs	**7.2**	7.0
Operating lease rental:		
—Plant and machinery	**3.2**	2.9
—Land and buildings	**1.0**	1.0

	2010	2009
	£'000	£'000
Auditors' remuneration:		
—audit of the financial statements	**340**	330
—other fees to auditors (all in respect of subsidiaries):		
—other audit services related to the appointment as auditors	**6**	31
—taxation services	**260**	1,781
—taxation and assurance services relating to acquisitions and disposals	**43**	50
—corporate finance services	**—**	467
	309	2,329

In addition, the auditors received £19,000 (2009—£18,000) in respect of the audit of VGPS. These fees were paid directly by VGPS.

5. Exceptional items

	2010	2009
	£m	£m
Recognised after arriving at operating profit:		
—(Loss)/profit on disposal of discontinued operations	**(1.1)**	15.7
—Exceptional transaction costs	**—**	(4.2)
—Exceptional finance costs	**—**	(4.2)

Profit on disposal of discontinued operations relates to the sale of SONI on 11 March 2009. The loss in the current year arises from the finalisation of pension arrangements in respect of SONI employees and related adjustments to the disposal consideration.

Exceptional transaction and finance costs arise in respect of a transaction involving the disposal of certain parts of the Group and associated refinancing which did not proceed.

The tax charge/(credit) in the profit and loss account relating to exceptional items is:

	2010	2009
	£m	£m
—Profit on disposal of discontinued operations	**0.8**	—
—Exceptional transaction and finance costs	**—**	(1.2)

6. Employees

Employee costs

	2010	2009
	£m	£m
Salaries	**62.8**	66.7
Social security costs	**5.7**	6.1
Pension costs		
—defined contribution plans	**2.2**	1.6
—defined benefit plans	**5.6**	6.1
	76.3	80.5
Less: charged to the balance sheet	**(27.9)**	(28.0)
Charged to the profit and loss account	**48.4**	52.5

Employee numbers

	Actual headcount at 31 March	Average during the year

	Number 2010	Number 2009	Number 2010	Number 2009
Regulated	**398**	392	**393**	422
Powerteam	**1,054**	1,078	**1,060**	1,074
VP&E	**182**	169	**174**	166
Other	**4**	4	**4**	4
	1,638	1,643	**1,631**	1,666

Directors' emoluments

	2010 £m	2009 £m
Emoluments in respect of qualifying services	**0.8**	0.6

No amounts were paid to the directors in respect of long-term incentive plans.

	2010 Number	2009 Number
Members of the defined benefit pension scheme	**1**	1

The remuneration in respect of the highest paid director was as follows:

	2010 £m	2009 £m
Emoluments	**0.8**	0.6
Total accrued pension at 31 March (per annum)	**0.1**	0.1

7. Net Interest Payable

	2010 £m	2009 £m
Interest receivable		
Bank interest	**0.4**	2.8
Interest payable		
Bank loans and borrowings	**(43.7)**	(103.5)
Eurobond	**(12.0)**	(12.0)
	(55.7)	(115.5)
Less: charged to balance sheet	**0.6**	0.3
Interest payable charged to the profit and loss account	**(55.1)**	(115.2)
Interest rate swaps	**(36.2)**	15.2
Exchange on net foreign currency borrowings		
Net exchange losses on net foreign currency borrowings	**(6.4)**	(5.0)
Less: credited to the statement of total recognised gains and losses	**4.8**	11.3
Net exchange (loss)/gain (charged)/credited to the profit and loss account	**(1.6)**	6.3
Other finance costs		
Amortisation of financing charges	**(3.2)**	(2.8)
Unwinding of discount on decommissioning provision	**(0.4)**	(0.4)
Other finance charges	**(0.8)**	(0.6)
Total other finance costs	**(4.4)**	(3.8)
Net interest payable	**(96.9)**	(94.7)

Interest charged to the balance sheet during the year was capitalised using a weighted average interest rate of 4.7% (2009—4.1%).

8. Tax Charge

(i) Analysis of charge in the year

	2010	2009
	£m	£m
Tax on profit on ordinary activities		
Current tax charge		
Corporation tax	**(7.4)**	(1.9)
Corporation tax underprovided in previous years	**(0.9)**	(0.3)
	(8.3)	(2.2)
Deferred tax (charge)/credit		
Origination and reversal of timing differences in current year	**(10.0)**	(3.3)
Origination and reversal of timing differences relating to prior years	**(10.0)**	3.8
	(20.0)	0.5
Tax charge on profit on ordinary activities	**(28.3)**	(1.7)
Relating to continuing operations	**(28.3)**	(2.6)
Relating to discontinued operations	**—**	0.9
	(28.3)	(1.7)
Tax relating to items credited to the statement of total recognised gains and losses		
Deferred tax		
Arising on net actuarial losses on pension scheme assets and liabilities	**20.7**	13.8

(ii) Reconciliation of current tax charge

The current tax charge in the profit and loss account for the year varies from the prevalent rate of corporation tax in the Group of 28% (2009—28%), being the standard rate of UK tax. The differences are reconciled below:

	2010	2009
	£m	£m
Profit on ordinary activities before tax charge	**32.9**	22.1
Accounting profit multiplied by the Group's prevalent rate of corporation tax of 28% (2009—28%)	**(9.2)**	(6.2)
Lower taxes on overseas earnings	**16.0**	16.1
Goodwill amortisation	**(18.0)**	(18.2)
Timing differences in respect of pensions	**(0.2)**	1.9
Timing differences in respect of provisions	**1.2**	2.2
Accelerated capital allowances	**5.0**	0.2
(Loss)/profit on disposal of subsidiary undertaking	**(1.1)**	4.4
Tax losses utilised/(not utilised) in year	**4.8**	(0.4)
Corporation tax underprovided in previous years	**(0.9)**	(0.3)
Depreciation arising on consolidation	**(2.0)**	(2.0)
Finance costs amortised on consolidation	**(0.8)**	(0.8)
Other	**(3.1)**	0.9
Current tax charge for the year	**(8.3)**	(2.2)

(iii) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2010	2009
	£m	£m
Deferred tax assets		
Provisions	**3.2**	4.4
Tax losses carried forward	**9.2**	28.5
Other	**—**	0.1
Deferred tax assets	**12.4**	33.0
Deferred tax liabilities		
Accelerated capital allowances	**(138.8)**	(139.1)
Held-over gains on property disposals	**(4.8)**	(4.8)

	2010	2009
Other	**(1.3)**	(2.2)
Deferred tax liabilities	**(144.9)**	(146.1)
Deferred tax on defined benefit pension liability	**36.5**	15.6
Net deferred tax liability	**(96.0)**	(97.5)

	2010	2009
	£m	£m
Included in deferred taxation	**(132.5)**	(113.1)
Included in defined benefit pension liability	**36.5**	15.6
	(96.0)	(97.5)

	2010	2009
	£m	£m
At beginning of the year	**(97.5)**	(108.9)
Exchange adjustments	**0.8**	(2.4)
Disposal of subsidiary undertaking	**—**	(0.5)
Deferred tax (charge)/credit in the profit and loss account	**(20.0)**	0.5
Deferred tax relating to items credited to the statement of total recognised gains and losses	**20.7**	13.8
At 31 March including deferred tax on defined benefit pension liability	**(96.0)**	(97.5)

The deferred tax included in the profit and loss account is as follows:

	2010	2009
	£m	£m
Accelerated capital allowances	**(0.6)**	(1.5)
Timing differences in respect of provisions	**(1.2)**	(2.3)
Timing differences in respect of pensions	**0.2**	(1.7)
Tax losses carried forward	**(19.1)**	6.0
Other	**0.7**	—
Deferred tax (charge)/credit	**(20.0)**	0.5

9. Dividends

	2010	2009
	£m	£m
Equity dividends on ordinary shares:		
Interim dividends of £57,021 per share for the year ended 31 March 2009	**—**	86.1

No dividends have been paid or proposed for the year ended 31 March 2010.

10. Intangible Assets

	Software costs	Goodwill	Emissions allowances and renewable obligation certificates	Total
	£m	£m	£m	£m
Cost:				
At 1 April 2009	**62.2**	**1,289.2**	**18.3**	**1,369.7**
Exchange adjustment	—	(0.9)	(0.6)	(1.5)
Additions	0.5	—	15.9	16.4
Adjustment to contingent consideration	—	(0.6)	—	(0.6)
Reclassification from current assets	—	—	9.6	9.6
Disposals	—	—	(18.5)	(18.5)
At 31 March 2010	**62.7**	**1,287.7**	**24.7**	**1,375.1**
Amortisation/impairment:				
At 1 April 2009	**12.6**	**147.5**	**—**	**160.1**
Exchange adjustment	—	(0.1)	—	(0.1)
Amortisation charge for the year	7.2	64.4	—	71.6
At 31 March 2010	**19.8**	**211.8**	**—**	**231.6**

Net book value:				
At 1 April 2009	**49.6**	**1,141.7**	**18.3**	**1,209.6**
At 31 March 2010	**42.9**	**1,075.9**	**24.7**	**1,143.5**

An amount of £0.8m is included in software costs in respect of capitalised interest (2009—£0.9m).

Goodwill arising on acquisitions has been capitalised and is being amortised over the directors' estimate of its useful life from the date of acquisition. In each case the useful economic life is 20 years.

11. Tangible Assets

	Infrastructure assets	Generation assets	Non-operational land and buildings	Fixtures and equipment	Vehicles and mobile plant	Total
	£m	£m	£m	£m	£m	£m
Cost:						
At 1 April 2009	**1,208.4**	**443.1**	**18.6**	**14.1**	**2.5**	**1,686.7**
Exchange adjustment	—	(17.7)	(0.5)	(0.1)	—	(18.3)
Additions	91.2	19.7	—	3.6	0.5	115.0
Disposals	(0.7)	—	—	—	—	(0.7)
At 31 March 2010	**1,298.9**	**445.1**	**18.1**	**17.6**	**3.0**	**1,782.7**
Depreciation:						
At 1 April 2009	**93.5**	**56.3**	**0.2**	**1.9**	**0.6**	**152.5**
Exchange adjustment	—	(3.3)	—	(0.1)	—	(3.4)
Charge for the year	45.0	18.8	0.1	3.9	0.5	68.3
Disposals	(0.6)	—	—	—	—	(0.6)
At 31 March 2010	**137.9**	**71.8**	**0.3**	**5.7**	**1.1**	**216.8**
Net book value:						
At 1 April 2009	**1,114.9**	**386.8**	**18.4**	**12.2**	**1.9**	**1,534.2**
At 31 March 2010	**1,161.0**	**373.3**	**17.8**	**11.9**	**1.9**	**1,565.9**

Included in infrastructure assets are amounts in respect of assets under construction amounting to £31.7m (2009—£40.4m) and capitalised interest of £4.5m (2009—£4.5m).

Included in generation assets are amounts in respect of assets under construction amounting to £11.9m (2009—£7.2m) and capitalised interest of £14.2m (2009—£14.1m).

The net book value of non-operational land and buildings comprises:

At 31 March	2010	2009
	£m	£m
Freehold	**17.0**	17.6
Long leasehold	**0.8**	0.8
	17.8	18.4

12. Investments

Principal investments in which the Group held 100% of ordinary shares at 31 March 2010 are listed below:

Subsidiary undertakings	Place of incorporation	Nature of business
Regulated businesses		
Northern Ireland Electricity plc	Northern Ireland*	Transmission and distribution of electricity
NIE Energy Ltd	Northern Ireland*	Power procurement and supply of electricity
VP&E		
Huntstown Power Company Ltd	Republic of Ireland*	Electricity generation
Viridian Power Ltd	Republic of Ireland*	Electricity generation
Eco Wind Power Ltd	Republic of Ireland*	Renewable electricity generation
Viridian Energy Supply Ltd (trading as Energia)	Northern Ireland*	Energy supply
Viridian Energy Ltd (trading as Energia)	Republic of Ireland*	Energy supply
GenSys Power Ltd (trading as GenSys)	Republic of Ireland*	Operating and maintenance services
Viridian Power and Energy Holdings Ltd	Republic of Ireland*	Holding company

Viridian Power and Energy Ltd	Northern Ireland*	Holding company
Viridian Resources Ltd	Northern Ireland*	Holding company
Power and Energy Holdings (RoI) Ltd	Republic of Ireland*	Holding company
Powerteam		
NIE Powerteam Ltd	Northern Ireland*	Infrastructure contracting
Powerteam Electrical Services (UK) Ltd	Northern Ireland*	Infrastructure contracting
Powerteam Electrical Services Ltd	Republic of Ireland*	Infrastructure contracting
Other		
Viridian Properties Ltd	Northern Ireland*	Property
Viridian Insurance Ltd	Isle of Man*	Insurance
EI Ventures Ltd	Great Britain	Holding company
ElectricInvest Acquisitions Ltd	Great Britain*	Holding company
ElectricInvest Holding Company Ltd	Great Britain*	Holding company
ElectricInvest (Lux) RoI S.à r.l.	Grand Duchy of Luxembourg*	Holding company
Viridian Capital Ltd	Northern Ireland*	Holding company
Viridian Enterprises Ltd	Northern Ireland*	Holding company
Viridian Group Limited	Northern Ireland*	Holding company

* held by a subsidiary undertaking

During the year ended 31 March 2009 the Group acquired 100% of the ordinary shares of the following companies, all of which were accounted for using acquisition accounting.

- 30 April 2008—Eco Wind Power Limited (EWP) for a consideration of £14.8m;
- 24 June 2008—Caher Downey Wind Farm Limited (Caher Downey) for a consideration of £1.6m; and
- 4 July 2008—M.D. South Windfarm Limited (MD South) for a consideration of £0.6m.

	Book value	**Adjustments**	**Fair value to the Group**		
	EWP	**EWP**	**EWP**	**Caher Downey & MD South**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Tangible fixed assets	17.9	0.5(i), (iii)	18.4	0.2	18.6
Intangible assets	4.5	(0.3)(ii)	4.2	—	4.2
Debtors (amounts falling due within one year)	6.0	—	6.0	—	6.0
Cash and cash equivalents	0.5	—	0.5	—	0.5
Creditors (amounts falling due within one year)	(1.2)	—	(1.2)	—	(1.2)
Creditors (amounts falling due after more than one year)	(27.9)	—	(27.9)	(0.2)	(28.1)
Provisions for liabilities and charges	—	(1.5)(iii)	(1.5)	—	(1.5)
Deferred income	(0.2)	—	(0.2)	—	(0.2)
Net liabilities	**(0.4)**	**(1.3)**	**(1.7)**	**—**	**(1.7)**
Goodwill arising on acquisition			16.5	2.2	18.7
			14.8	**2.2**	**17.0**
Discharged by:					
Cash			14.7	2.1	16.8
Costs associated with acquisition			0.1	0.1	0.2
Consideration paid			**14.8**	**2.2**	**17.0**

Adjustments:

(i) Impairment of tangible fixed assets in respect of development costs previously capitalised

(ii) Impairment of goodwill in respect of acquisition of subsidiaries

(iii) Provision for decommissioning generation assets

On 11 March 2009, the Group completed the sale of SONI. The sale is analysed as follows:

	As at 11 March 2009
	£m

Net liabilities disposed of:	
Tangible fixed assets	15.4
Deferred tax asset	0.4
Debtors (amounts falling due within one year)	13.4
Cash at bank and in hand	2.4
Creditors (amounts falling due within one year)	(31.4)
Pension liability	(1.7)
	(1.5)
Costs of disposal	1.2
Profit on disposal	15.7
	15.4
Satisfied by:	
Cash consideration	15.4
Net inflow of funds to Group:	
Cash	15.4
Costs of disposal	(1.2)
Inter-group loans repaid	14.9
Cash disposed of	(2.4)
	26.7

During the period 1 April 2008 to 11 March 2009 SONI made a loss after tax of £2.3m.

	2010	2009
	£m	£m
Other investment	**0.9**	0.9

13. Stocks

	2010	2009
	£m	£m
Materials and consumables	**13.2**	9.3
Work-in-progress	**3.3**	3.2
	16.5	12.5

14. Debtors

	2010	2009
	£m	£m
Amounts falling due within one year:		
Trade debtors (including unbilled consumption)	**201.6**	206.7
Prepayments and accrued income	**30.9**	56.9
Loan receivable	**0.2**	0.1
Other debtors	**2.1**	3.3
	234.8	267.0
Amounts falling due after more than one year:		
Loan receivable	**0.1**	0.3

15. Current Asset Investments

	2010	2009
	£m	£m
Short-term bank deposits	**75.8**	48.0
Short-term managed funds	**1.6**	2.7
	77.4	50.7

Short-term bank deposits and short-term managed funds are invested for periods of between one day and three months depending on the cash requirements of the Group, and earn interest at short-term deposit rates.

16. Creditors

	2010	2009
	£m	£m
Amounts falling due within one year:		
Trade creditors	**54.8**	67.8
Other creditors	**28.9**	33.6
Payments received on account	**56.7**	48.3
Interest payable on loans	**13.6**	8.8
Loan from fellow group undertaking	**542.9**	545.4
Other amounts owed to fellow group undertakings	**0.5**	—
Other loan	**1.2**	0.2
Loan notes	**21.4**	30.7
Corporation tax	**11.0**	6.7
Tax and social security	**5.3**	9.0
Accruals	**156.7**	160.5
	893.0	911.0
Amounts falling due after more than one year:		
Eurobond	**192.4**	192.3
Senior bank facility	**1,212.0**	1,281.8
EWP bank facility	**11.7**	—
Other loans and borrowings	**—**	4.2
Interest accruals	**49.2**	35.2
	1,465.3	1,513.5

The senior bank facility is secured by way of fixed and floating charges over the assets of the Group's material non-regulated subsidiaries.

The EWP bank facility is secured by way of fixed and floating charges over the assets of EWP and its subsidiaries.

Interest is charged under both the senior and EWP facilities at floating interest rates based on LIBOR and EURIBOR.

17. Loans

Loans and other borrowings outstanding, included within creditors, are repayable as follows:

	2010	2009
	£m	£m
In one year or less or on demand	**579.1**	585.1
In more than one year but less than two years	**1,212.0**	1.5
In more than two years but not more than five years	**—**	1,282.7
In more than five years	**253.3**	229.3
	2,044.4	2,098.6

Details of borrowings not wholly repayable within five years are as follows:

	2010	2009
	£m	£m
Eurobond	**192.4**	192.3
EWP bank facility	**11.7**	—
Interest accruals	**49.2**	35.2
Other loan	**—**	1.8
	253.3	229.3

The principal features of the Group's borrowings not wholly repayable within five years are as follows:

– the Eurobond is repayable in 2018 and carries a fixed interest rate of 6.875%;

– the interest accruals relate to interest payable under interest rate swap arrangements. The interest is payable between 2026 and 2036 and is based on an index-linked coupon; and

– The EWP bank facility is repayable in semi-annual instalments to 2016. The loan is secured over the assets of EWP and carries interest fixed at 6.38% through interest rate swaps.

18. Provisions

	At 1 April 2009	Exchange adjustment	Applied in the year	Released to profit and loss	Increase in provisions	Unwinding of discount	At 31 March 2010
	£m	£m	£m	£m	£m	£m	£m
Environment	**8.3**	—	(1.6)	(1.8)	—	0.1	**5.0**
Liability and damage claims	**5.1**	—	(0.6)	(0.4)	1.3	—	**5.4**
Decommissioning	**9.5**	(0.3)	—	—	0.3	0.3	**9.8**
Reorganisation and restructuring	**1.2**	—	(0.2)	(0.7)	0.2	—	**0.5**
	24.1	**(0.3)**	**(2.4)**	**(2.9)**	**1.8**	**0.4**	**20.7**

Environment

Provision has been made for expected costs of decontamination and demolition arising from obligations in respect of power station sites formerly owned by NIE plc. It is anticipated that most expenditure will take place within the next five years.

Liability and damage claims

Notwithstanding the intention of the directors to defend vigorously claims made against the Group, liability and damage claim provisions have been made which represent the directors' best estimate of costs expected to arise from ongoing third party litigation matters and employee claims. These provisions are expected to be utilised within a period not exceeding five years.

Decommissioning

Provision has been made for decommissioning generation assets. The provision represents the present value of the current estimated costs of closure of the plants at the end of their useful economic lives. The provisions have been discounted using rates of between 3.67% and 3.70% (2009—between 3.82% and 3.90%) and are expected to be utilised within a period not exceeding thirty years.

Reorganisation and restructuring

Reorganisation and restructuring provisions relate to amounts expected to be paid to VGPS in accordance with voluntary severance arrangements. These provisions are expected to be utilised within the next year.

19. Deferred Income

	Grants	Customers' contributions	Total
	£m	£m	£m
At 1 April 2009	**9.9**	**210.5**	**220.4**
Receivable	—	14.8	14.8
Released to the profit and loss account	(0.5)	(7.3)	(7.8)
At 31 March 2010	**9.4**	**218.0**	**227.4**

20. Pension Commitments

Most employees of the Group are members of VGPS. This has two sections: 'Options' which is a money purchase arrangement whereby the Group generally matches members' contributions up to a maximum of 6% of salary and 'Focus' which provides benefits based on pensionable salary at retirement or earlier exit from service. There is also a money purchase arrangement for employees in the RoI known as Choices; its benefits mirror those of the Options section of VGPS. In addition the Complementary Pension Plan (CPP) provides benefits for salary above HM Revenue & Customs' earnings cap to certain Group directors. The assets of the schemes are held under trust and invested by the trustees on the advice of professional investment managers.

Hewitt, the actuaries to VGPS, have provided a valuation of Focus and the CPP under FRS 17 at 31 March 2010 based on the following assumptions (in nominal terms) and using the projected unit method.

	2010	2009
Rate of increase in pensionable salaries	**4.45% per annum**	4.0% per annum
Rate of increase in pensions in payment	**3.45% per annum**	3.0% per annum
Discount rate	**5.60% per annum**	6.75% per annum
Inflation assumption	**3.45% per annum**	3.0% per annum
Life expectancy:		
Current pensioners (at age 60)—males	**25.0 years**	23.7 years
Current pensioners (at age 60)—females	**27.7 years**	26.4 years
Future pensioners (at age 60)—males	***26.7 years**	24.5 years
Future pensioners (at age 60)—females	***29.4 years**	27.2 years

* Life expectancy from age 60 for males and females currently aged 40.

The life expectancy assumptions are based on standard actuarial mortality tables and include an allowance for future improvements in life expectancy.

The valuation under FRS 17 at 31 March 2010 shows a net pension liability (before deferred tax) of £130.6m (2009—£55.6m). A 0.1% increase/decrease in the assumed discount rate would decrease/increase the net pension liability by £13.5m. A 0.1% increase/decrease in the assumed inflation rate would increase/decrease the net pension liability by £12.9m.

Assets and Liabilities

The assets and liabilities of Focus and the CPP and the expected rates of return are:

	Value at 31 March 2010	Expected rate of return	Value at 31 March 2009	Expected rate of return
	£m	%	£m	%
Equities	**335.4**	**7.7**	218.1	7.2
Bonds	**502.6**	**5.0**	493.3	5.2

Other	**30.9**	**4.5**	5.1	4.0
Total market value of assets	**868.9**		716.5	
Actuarial value of liabilities	**(999.5)**		(772.1)	
Net pension liability before deferred tax	**(130.6)**		(55.6)	
Related deferred tax asset	**36.5**		15.6	
Net pension liability	**(94.1)**		(40.0)	

The expected rate of return on equities is based on the expected median return over the long-term. The expected rate of return on bonds is measured directly from actual market yields for UK gilts and corporate bonds. Other assets include cash balances and other investments. The expected rate of return on these assets is measured directly from short-term market interest rates.

Changes in the market value of assets

	2010	2009
	£m	£m
Market value of assets at 1 April	**716.5**	857.1
Expected return	**39.1**	48.2
Contributions from employer	**13.7**	13.4
Contributions from scheme members	**0.8**	1.7
Benefits paid	**(50.8)**	(48.3)
Other transfer	**2.5**	—
Disposal of subsidiary	**5.6**	(9.5)
Actuarial gain/(loss)	**141.5**	(146.1)
Market value of assets at 31 March	**868.9**	716.5

The Group expects to make contributions of £7.6m to Focus and the CPP in 2010/11 in respect of current service pension costs. During the year ended 31 March 2010, the Group made contributions of £6.0m in respect of past service pension costs; it is expected that contributions in respect of past service will increase significantly in 2010/11 reflecting lower than expected investment returns during the three year period since the last valuation and changes in mortality assumptions reflecting VGPS recent experience and the continuing upward trend in observed life expectancies.

Changes in the actuarial value of liabilities

	2010	2009
	£m	£m
Actuarial value of liabilities at 1 April	**772.1**	865.4
Interest cost	**50.8**	55.1
Current service cost	**5.4**	6.1
Curtailment loss	**0.2**	—
Contributions from scheme members	**0.8**	1.7
Benefits paid	**(50.8)**	(48.3)
Other transfer	**2.8**	—
Disposal of subsidiary	**2.9**	(11.2)
Actuarial loss/(gain)	**215.3**	(96.7)
Actuarial value of liabilities at 31 March	**999.5**	772.1

Analysis of the amount charged to operating costs (before capitalisation)	2010	2009
	£m	£m
Current service cost	**5.4**	6.1
Curtailment loss	**0.2**	—
Total operating charge	**5.6**	6.1

The Focus section is closed to new members and therefore under the projected unit method the current service cost for members of this section as a percentage of salary will increase as they approach retirement age.

Analysis of the amount charged to net pension scheme interest	2010	2009
	£m	£m
Expected return on assets	**39.1**	48.2
Interest on liabilities	**(50.8)**	(55.1)
Net charge	**(11.7)**	(6.9)

The actual return on Focus and CPP assets was a gain of £180.6m (2009—loss of £97.9m).

Analysis of amount recognised in the statement of total recognised gains and losses	2010	2009
	£m	£m
Actuarial gain/(loss) on assets	**141.5**	(146.1)
Actuarial (loss)/gain on liabilities	**(215.3)**	96.7
Net actuarial loss recognised in the statement of total recognised gains and losses	**(73.8)**	(49.4)

The cumulative actuarial loss recognised in the statement of total recognised gains and losses since 18 July 2006 is £68.5m.

History of experience gains and losses	2010	2009	2008	2007
	£m	£m	£m	£m
Market value of assets	**868.9**	716.5	857.1	882.1
Actuarial value of liabilities	**(999.5)**	(772.1)	(865.4)	(910.1)
Net pension liability before deferred tax	**(130.6)**	(55.6)	(8.3)	(28.0)
Experience gains/(losses) on assets	**141.5**	(146.1)	(45.7)	2.8
Experience gains/(losses) on liabilities	**5.3**	(1.0)	(0.4)	(5.4)

21. Share Capital

Allotted and fully paid	Ordinary shares	Ordinary shares
	Number	£
Share capital issued—ordinary shares of £1.00	**1,510**	1,510
At 31 March 2009 and 2010	**1,510**	1,510

22. Reconciliation of Shareholders' Funds and Movements in Reserves

	Share capital	Share premium	Accumulated profits	Total
	£m	£m	£m	£m
At 1 April 2008	**—**	**510.0**	**(119.7)**	**390.3**
Total recognised gains and losses relating to the year	—	—	(45.2)	(45.2)
Equity dividends	—	—	(86.1)	(86.1)
At 1 April 2009	**—**	**510.0**	**(251.0)**	**259.0**
Total recognised gains and losses relating to the year	—	—	(40.0)	(40.0)
At 31 March 2010	**—**	**510.0**	**(291.0)**	**219.0**

23. Reconciliation of Operating Profit to Cash Flow from Operating Activities

	2010	2009
	£m	£m
Operating profit	**142.6**	116.4
Adjustments for:		
Amortisation of goodwill	**64.4**	64.9
Depreciation of fixed assets	**68.3**	68.2
Amortisation of software costs	**7.2**	7.0
Amortisation of customers' contributions and grants	**(7.8)**	(7.3)
Exceptional transaction costs	**—**	(4.2)
Defined benefit pension charge less contributions paid	**(8.1)**	(7.3)
Net movement in provisions	**(3.8)**	(5.6)
Operating cash flows before movement in working capital	**262.8**	232.1
Increase in stock	**(4.0)**	—
Decrease/(Increase) in debtors	**21.0**	(65.8)
(Decrease)/Increase in creditors	**(28.2)**	58.7
Effects of foreign exchange	**1.5**	12.2
Net cash inflow from operating activities	**253.1**	237.2

24. Analysis of Net Debt

	At 1 April 2009	Cash flow	Non cash movement	Translation difference	At 31 March 2010
	£m	£m	£m	£m	£m
Cash at bank and in hand	**5.9**	7.0	—	—	**12.9**
Current asset investments	**50.7**	28.2	—	(1.5)	**77.4**
Debt due within one year	**(554.4)**	2.6	(5.9)	—	**(557.7)**
Debt due after more than one year	**(1,513.5)**	38.6	(12.4)	22.0	**(1,465.3)**
Loan notes	**(30.7)**	9.3	—	—	**(21.4)**
	(2,042.0)	85.7	(18.3)	20.5	**(1,954.1)**

Current asset investments are regarded as liquid resources for the purpose of the cash flow statement.

25. Lease Obligations

The Group has entered into leases on certain items of tangible fixed assets. These leases contain options for renewal before the expiry of the lease term at rentals based on market prices at the time of renewal.

The future minimum lease payments under non-cancellable operating leases are as follows:

	Plant and equipment		Land and buildings	
	2010	2009	2010	2009
	£m	£m	£m	£m
Within one year	**2.8**	2.8	**1.0**	1.0
After one year but not more than five years	**5.0**	5.6	**2.7**	2.7
More than five years	**—**	—	**6.7**	7.2
	7.8	8.4	**10.4**	10.9

26. Commitments and Contingent Liabilities

(i) Capital commitments

At 31 March 2010 the Group had contracted future capital expenditure in respect of tangible fixed assets of £19.9m (2009—£14.2m).

(ii) Contingent liabilities

Contract buy-out agreement

In December 2000, NIE plc renegotiated a number of the generating contracts at Ballylumford. As part of these arrangements a contract buy-out (CBO) agreement was entered into to make payments to fund a buy-out of the profit element under the original agreements at Ballylumford. The CBO agreement has provisions under which a termination amount becomes payable in certain circumstances. The size of the payment depends on the termination date. The Group does not anticipate that any liability will arise and no provision has been made.

Protected persons

The Group has contingent liabilities in respect of obligations under the Electricity (Protected Persons) Pensions Regulations (Northern Ireland) 1992 to protect the pension rights of employees of NIE plc at privatisation. This includes members employed in companies which have subsequently been disposed of by the Group. The Group does not anticipate that any liability will arise.

Power station sites

NIE plc leases sites to power stations in Northern Ireland. Under the terms of the lease agreements compensation may be payable if a lease is terminated. Since the extent of the compensation will depend on the circumstances which give rise to the termination, it is not possible to identify the magnitude of any potential liability. The Group does not anticipate that any liability for compensation will arise and no provision has been made.

Generating contracts

Under the terms of the PPB generating contracts, where modifications to generating equipment are necessary as a result of a change in law and a generator is unable to procure the necessary financing, PPB must either provide such finance or pay the costs incurred by the generator in carrying out such modifications. The costs incurred by PPB in meeting these obligations are recoverable under the applicable provisions of the NIE Energy licence, but would require to be financed by PPB until such recovery is achieved. The Group does not anticipate any liability for modifications which require financing and no provision has been made.

Liability and damage claims

In the normal course of business the Group has contingent liabilities arising from claims made by third parties and employees. Provision for a liability is made (as disclosed in note 18) when the directors believe that it is probable that an outflow of funds will be required to settle the obligation where it arises from an event prior to the year end. The Group does not anticipate that any material liabilities will arise other than those recognised in the accounts.

27. Financial Instruments

An explanation of the Group's objectives, policies and strategies in respect of financial instruments can be found in the Risk Management and Principal Risks and Uncertainties section of the Directors' Report.

Interest rate risk profile of financial assets and liabilities

Financial assets

The disclosures below exclude short-term debtors.

Interest rate and currency profile:

As at 31 March	Floating rate	Non interest bearing	Total financial assets
	£m	£m	£m
2010: Sterling	**30.7**	**1.0**	**31.7**
Euro	**59.6**	**—**	**59.6**
	90.3	**1.0**	**91.3**
2009: Sterling	18.7	1.2	17.5
Euro	39.1	—	39.1
	57.8	1.2	56.6

Non-interest bearing financial assets comprise loan receivables and other investments. The Sterling and Euro floating rate financial assets comprise monies on deposit earning interest based on LIBOR and EURIBOR respectively.

Financial liabilities

Interest rate and currency profile taking into account interest rate swaps:

As at 31 March	Fixed rate	Floating rate	Total financial liabilities	Weighted average interest rate	Weighted average period for which rate is fixed
	£m	£m	£m	%	Years
2010: Sterling	**798.8**	**662.0**	**1,460.8**	**5.67**	**18.0**
Euro	**415.1**	**168.5**	**583.6**	**5.24**	**4.7**
	1,213.9	**830.5**	**2,044.4**	**5.52**	**13.2**
2009: Sterling	783.9	721.4	1,505.3	5.96	19.0
Euro	430.4	162.9	593.3	5.23	5.6
	1,214.3	884.3	2,098.6	5.69	14.1

The Sterling floating rate financial liabilities comprise loan notes and Sterling denominated bank borrowings bearing interest based on LIBOR. The Euro floating rate financial liabilities comprise Euro denominated bank borrowings bearing interest based on EURIBOR.

Fair value

The estimated fair values of the Group's derivative assets and liabilities are as follows:

	2010	2009
	£m	£m
Financial instruments		
Commodity swap contracts	**(43.6)**	(68.5)
Interest rate swap contracts	**(240.1)**	(266.1)
Forward currency contracts	**(1.1)**	(20.1)
CfDs	**0.7**	(14.3)

The fair values of commodity contracts and forward currency contracts have been calculated by applying the forward price derived from third party market price quotations.

The fair value of interest rate swaps has been valued by calculating the present value of future cash flows, estimated using forward rates from third party market price quotations. The fair value excludes accretion of £49.2m (2009—£35.2m) which is included in interest accruals.

The fair value of CfDs has been calculated by applying the forward price derived from a third party valuation model.

With the exception of the Eurobond, which had a fair value at 31 March 2010 of £189.1m (2009—£201.5m) based on current market prices, the directors consider that the carrying amount of loans and other borrowings equates to fair value.

28. Related Party Transactions

During the year the Group contributed £15.9m (2009—£15.0m) to VGPS and the CPP. The Group also received £0.3m (2009—£0.3m) in respect of administrative services provided to VGPS.

The parent undertaking of the Company is Viridian Group Holdings Limited, a company incorporated in the Cayman Islands. The ultimate parent undertaking and controlling party of the Group is Arcapita Bank B.S.C.(c), a company incorporated in the Kingdom of Bahrain.

29. Events Since the Year End

On 6 July 2010, the Group entered into a conditional agreement to sell NIE and Powerteam to ESB. The sale is subject to a number of conditions including RoI and UK competition clearance and new financing arrangements being put in place for the remaining group. Subject to fulfilment of the conditions, the transaction is expected to complete by the end of 2010.

GLOSSARY OF TERMS

1992 Order..................	Electricity (Northern Ireland) Order 1992
1999 Act......................	Electricity Regulation Act 1999
2002 Act......................	Gas (Interim) (Regulation) Act 2002
2003 Order..................	Energy (Northern Ireland) Order 2003
2007 Act......................	Electricity Regulation (Amendment) (Single Electricity Market) Act 2007
Arcapita......................	Arcapita Bank B.S.C.(c)
BGE.............................	Bord Gáis Éireann
CBI..............................	Confederation of British Industry
CBO............................	contract buy-out
CCGT..........................	combined-cycle gas turbine
CER.............................	Commission for Energy Regulation
CfDs............................	contracts for differences
Choices........................	money purchase pension arrangement for employees in the RoI
CHP.............................	combined heat and power
CML............................	average number of minutes lost per customer per annum through distribution fault interruptions, excluding the effect of major storms
CO...............................	carbon monoxide
CO_2.............................	carbon dioxide
Company.....................	Viridian Group Investments Limited
CPI..............................	Consumer Price Index in the RoI
CPP.............................	Complementary Pension Plan
CSR.............................	Corporate Social Responsibility
DCENR.......................	Department of Communications, Energy and Natural Resources in the RoI
DETI...........................	Department of Enterprise, Trade and Investment in Northern Ireland
DNO............................	distribution network operator
EBITDA......................	earnings before interest, tax, depreciation and amortisation
EirGrid.......................	EirGrid plc
Energia.......................	VP&E's competitive energy supply business
ESB.............................	Electricity Supply Board
ESBIE.........................	ESB Independent Energy
ESCo...........................	Energy Services Company
EWP............................	Eco Wind Power Limited
Focus...........................	defined benefit section of VGPS
FRS..............................	Financial Reporting Standards
Group..........................	Viridian Group Investments Limited and its subsidiary undertakings
GW..............................	gigawatt
GWh...........................	gigawatt hour
Huntstown 1...............	Phase one of Huntstown Power Station—343MW CCGT
Huntstown 2...............	Phase two of Huntstown Power Station—404MW CCGT
ICT..............................	information and communication technology
IIP...............................	Investors in People
IPPC............................	Integrated Pollution Prevention and Control
ISO..............................	International Organization for Standardization
KPI..............................	key performance indicator
LTIR...........................	lost time incident rate
LEU.............................	large energy user
Minister.......................	Minister for Communications, Energy and Natural Resources
Moyle Interconnector	electricity interconnector between Northern Ireland and Scotland
MW.............................	megawatt
MWh...........................	megawatt hour
NIAUR........................	Northern Ireland Authority for Utility Regulation
NIE..............................	Northern Ireland Electricity (transmission and distribution business)
NIE plc........................	Northern Ireland Electricity plc
NIE Energy.................	NIE Energy Limited
NO_x..............................	oxides of nitrogen
Northgate.....................	Northgate Managed Services Limited
OHSAS.........................	Occupational Health and Safety Management Systems Specification
OJEU............................	Official Journal of the European Union
Options........................	money purchase section of VGPS
PPA.............................	power purchase agreement
PPB..............................	Power Procurement business

PSO	public service obligation
RAs	Regulatory Authorities
RAB	regulatory asset base
REFIT	Renewable Energy Feed-In Tariff scheme
RMC	Risk Management Committee
RO	UK Renewable Obligation
ROCs	Renewable Obligation Certificates
RoI	Republic of Ireland
RoSPA	Royal Society for the Prevention of Accidents
RPI	Retail Price Index
RP3	T&D price control period April 2002 to March 2007
RP4	T&D price control period April 2007 to March 2012
RP5	T&D price control period commencing April 2012
SEE	social, environmental and ethical
SEM	Single Electricity Market
SEMO	Single Electricity Market Operator
SEM Order	Electricity (Single Wholesale Market) (Northern Ireland) Order 2007
SMART	Sustainable Management of Assets and Renewable Technologies
SME	small to medium-sized enterprise
SMP	system marginal price
SO_2	sulphur dioxide
SONI	SONI Limited
T&D	Transmission and distribution
TSO	transmission system operator
TWh	terawatt hour
UK GAAP	United Kingdom Generally Accepted Accounting Principles
VGPS	Viridian Group Pension Scheme
VP&E	Viridian Power & Energy

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OFFERING MEMORANDUM

VIRIDIAN

Viridian Group FundCo II Limited

€313,000,000 11$^{1}/_{8}$% Senior Secured Notes due 2017

\$250,000,000 11$^{1}/_{8}$% Senior Secured Notes due 2017

Joint Global Coordinators and Bookrunners

Deutsche Bank **The Royal Bank of Scotland**

Joint Bookrunners

UBS Investment Bank **Commerzbank** **Barclays Capital**

8 June 2012