PROSPECTUS

Abu Dhabi National Energy Company PJSC

(*incorporated with limited liability in the United Arab Emirates*)

U.S.$9,000,000,000
Global Medium Term Note Programme

Under the Global Medium Term Note Programme described in this Prospectus (the "**Programme**"), Abu Dhabi National Energy Company PJSC ("**TAQA**" or the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$9,000,000,000 (or its equivalent in other currencies).

Application has been made to the Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "**UK Listing Authority**") for Notes issued under the Programme, other than Exempt Notes (as defined below), during the period of 12 months from the date of this Prospectus to be admitted to the official list of the UK Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market (the "**Market**"). References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). References in this Prospectus to "Exempt Notes" are to Notes for which no prospectus is required to be published under Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU) (the "**Prospectus Directive**"). The UK Listing Authority has neither approved nor reviewed information contained in this Prospectus in connection with Exempt Notes. In addition, application may be made to admit the Notes to trading on the Abu Dhabi Securities Exchange. However, unlisted Notes may be issued pursuant to the Programme. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market (or any other stock exchange).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined in "*Overview — The Programme — Method of Issue*") of Notes will (other than in the case of Exempt Notes) be set out in a final terms document (the "**Final Terms**") which, with respect to Notes to be listed on the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange and will also be published on the website of the London Stock Exchange through a regulatory information service. In the case of Exempt Notes, notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche will be set out in a pricing supplement document (the "**Pricing Supplement**").

Each Series (as defined in "*Overview — The Programme — Method of Issue*") of Notes will be evidenced by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Notes of one Series. Certificates may be evidenced by (i) interests in a global unrestricted note certificate in registered form (each a "**Regulation S Global Note Certificate**") in the case of Notes offered to non-U.S. persons outside the United States in reliance on Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**") and/or (ii) interests in a global restricted note certificate in registered form (each a "**Rule 144A Global Note Certificate**" and together with the Regulation S Global Note Certificate, the "**Global Note Certificates**") in the case of Notes offered within the United States only to qualified institutional buyers ("**QIBs**") in reliance on Rule 144A ("**Rule 144A**") under the Securities Act. Each Regulation S Global Note Certificate will be deposited on the relevant issue date with, and registered in the name of a nominee of, a common depositary (the "**Common Depositary**") on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Each Rule 144A Global Note Certificate will be deposited on the relevant issue date with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("**DTC**"). Beneficial interests in a Rule 144A Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. See "*Clearing and Settlement*".

This Prospectus relates to an exempt offer ("**Exempt Offer**") in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "**DFSA**"). This Prospectus is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The Notes to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of this Prospectus, you should consult an authorised financial adviser.

The Issuer has been rated A3 by Moody's Investors Service España, S.A. ("**Moody's**") and A by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"). Each of Moody's and S&P is established in the European Union and is registered under the Regulation EC No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such, each of Moody's and S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. Tranches of Notes to be issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, the applicable rating(s) will be disclosed in the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes) and will not necessarily be the same rating assigned to the Issuer by the relevant rating agency. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Prospectus.

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States. Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S). The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and within the United States only to QIBs in reliance on Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of notes and distribution of this Prospectus see "*Subscription and Sale*" and "*Transfer Restrictions*".

Arrangers and Dealers

BofA Merrill Lynch | **Citigroup** | **Mitsubishi UFJ Securities**

Société Générale Corporate & Investment Banking | **Standard Chartered Bank** | **The Royal Bank of Scotland**

23 April 2014

This Prospectus comprises a base prospectus in respect of all Notes (other than Exempt Notes) issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer and its subsidiaries (the "**Group**") and the Notes which, according to the particular nature of the Issuer and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

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

Where information has been sourced from a third party, the Issuer confirms that such information has been accurately reproduced and so far as the Issuer is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such information sourced from third parties contained in this Prospectus relates to the United Arab Emirates (the "**UAE**") economic and commodity statistics and UAE government finance statistics and to certain historic oil and gas prices which are included under the headings "*Risk Factors*" on pages 1-27, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 76-114 and "*Overview of the UAE and Abu Dhabi*" on pages 164-173.

This Prospectus has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**") must be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer, nor any Arranger (as defined in "*Overview — The Programme*") nor any Dealer has authorised, nor does any of them authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer, any Arranger or any Dealer to publish or supplement a prospectus for such offer.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme or the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or any of the Arrangers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Dealers and the Arrangers to inform themselves about and to observe any such restriction. None of the Issuer, the Arrangers or the Dealers represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arrangers or the Dealers which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see "*Subscription and Sale*".

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes. None of the Dealers, the Arrangers or the Issuer makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

To the fullest extent permitted by law, none of the Dealers or the Arrangers accept any responsibility for the contents of this Prospectus or any information incorporated by reference into this document or for any other statement which is consistent with the contents of this Prospectus made, or purported to be made, by an Arranger or a Dealer or on its behalf in connection with the Issuer, or the issue and offering of the Notes. Each Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arrangers or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arrangers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arrangers.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States, the resale of the Notes in the United States in reliance on Rule 144A under the Securities Act and the admission of the Notes to the Official List and to trading on the Market. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States or to any U.S. person other than any QIB and to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Prospectus by any non-U.S. person outside the United States or by any QIB in the United States to any U.S. person or to any other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB, is prohibited.

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

STABILISATION

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager(s)) in the relevant Final Terms 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(s) (or persons acting on behalf of a 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 relevant Tranche 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 relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains "forward-looking statements", that is, statements related to future, not past, events. In this context, forward-looking statements often address TAQA's expected future business and financial performance, and often contain words such as "expects", "anticipates", "estimates", "intends", "plans", "aims", "believes", "seeks", "may", "should", "will" and other similar expressions. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For TAQA, particular uncertainties arise from future integration of acquired businesses, from unanticipated loss of power generation or water capacity and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause TAQA's actual future results to be materially different from those expressed in TAQA's forward-looking statements. These forward-looking statements speak only as of the date of this Prospectus. TAQA expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in TAQA's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The risks and uncertainties referred to above include:

- the Issuer's ability to receive dividends, distributions and other revenue flows from its investments (including its subsidiaries);
- the Issuer's ability to obtain and maintain sufficient capital to fund its current and future investments and financial obligations, including the Issuer's ability to obtain external financing;
- the Issuer's ability to manage the growth of the Group successfully;
- the occurrence of any one or more of a wide range of operational risks faced by the Group or of any external catastrophic event over which the Group has no control;
- actions taken by the Group's joint venture partners that may not be in accordance with the Issuer's policies and/or objectives;
- changes in international crude oil and natural gas prices;
- changes in tax regulations applicable to Group companies;
- changes in regulatory restrictions applicable to certain companies within the Group pursuant to environmental and health and safety laws and potential liabilities arising thereunder;
- changes in political, social, legal or economic conditions in the markets that affect the Group and the value of the Group's investments; and
- the political and economic conditions in the markets in which the Group operates as well as in the Middle East and North Africa ("**MENA**") region.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*".

NOTICE TO INVESTORS

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

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 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 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 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 BAHRAIN RESIDENTS

In relation to investors in the Kingdom of Bahrain ("**Bahrain**"), Notes issued in connection with this Prospectus and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain (the "**CBB**") in Bahrain where such investors make a minimum investment of at least U.S.$100,000 or any equivalent amount in another currency or such other amount as the CBB may determine.

This offer does not constitute an offer of Notes in Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase Notes, whether directly or indirectly, to persons in Bahrain, other than to accredited investors for an offer outside Bahrain.

The CBB has not reviewed, approved or registered this Prospectus or related offering documents and it has not in any way considered the merits of the Notes to be offered for investment, whether in or outside Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Prospectus. No offer of Notes will be made to the public in Bahrain and this Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

The Notes have not been and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar in a manner that would constitute a public offering. This Prospectus has not been reviewed or approved by, or registered with, the Qatar Central Bank, the Qatar Exchange or the Qatar Financial Markets Authority. The Notes will not be offered to investors domiciled or resident in the State of Qatar and do not constitute debt financing in the State of Qatar under the Commercial Companies Law No. (5) of 2002 or otherwise under any laws of the State of Qatar.

KINGDOM OF SAUDI ARABIA NOTICE

This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Capital Market Authority**").

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchasers of Notes issued under the Programme and offered hereby should conduct their own due diligence on the accuracy of the information relating to the Notes. If a prospective purchaser does not understand the contents of this Prospectus, he or she should consult an authorised financial adviser.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

The Issuer's financial information as at and for the years ended 31 December 2013, 2012 and 2011 has, subject to rounding, been extracted from the Issuer's audited annual consolidated financial statements as at and for the years ended 31 December 2013 (together with the audit report thereon, the "**2013 Financial Statements**") and 31 December 2012 (together with the audit report thereon, the "**2012 Financial Statements**" and, together with the 2013 Financial Statements, the "**Financial Statements**"), in each case incorporated by reference in this Prospectus.

From 1 January 2012, the Group:

- reclassified interest paid previously shown under net cash from operating activities as net cash used in financing activities to more closely align with management's view of the transactions concerned. The amount reclassified in 2011 amounted to AED 4,112 million; and
- reclassified staff costs relating to the Group's UAE Power and Water subsidiaries from operating expenses to administrative and other expenses. The amount reclassified in 2011 amounted to AED 62 million.

From 1 January 2013, the Group:

- applied amendments to IAS 19 (Employee Benefits) retrospectively. These amendments include actuarial gains and losses being recognised in other comprehensive income and permanently excluded from profit and loss; expected returns on plan assets no longer being recognised in profit or loss and instead interest on the net defined benefit liability or asset (calculated using the discount rate used to measure the defined benefit obligation) being required to be recognised in profit or loss; and unvested past service costs being recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. These amendments have affected the 2012 reported balances of other liabilities, deferred tax and equity in the consolidated statement of financial position, although their impact on the 2012 statement of comprehensive income was not material at 1 January 2012. Note 2.3 to the 2013 Financial Statements sets out the impact of the application of these amendments on the consolidated statement of financial position as at 1 January and 31 December 2012. In accordance with IFRS requirements in relation to retrospective application, certain balances at 1 January 2012 have been adjusted as if the new accounting policy had always been applied. Actuarial valuations are obtained at the end of each year and updated at the end of an interim period only when there has been a material change to the plan or unexpected significant changes in market conditions; and
- applied the amendments to IAS 1 (Financial Statement Presentation) which change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) have to be presented separately from items that will never be reclassified. The amendment affected presentation only and had no impact on the Group's financial position or performance.

In addition, certain income statement, statement of comprehensive income and cash flow comparative information in the year ended 31 December 2012 has been reclassified to conform to the presentation in the year ended 31 December 2013, see note 44 of the 2013 Financial Statements. Certain amounts, such as the recovery of intangible asset amortisation included within administrative and other expenses, were not reclassified in 2011 as such amounts were not material.

Prior to 1 January 2013, the Group was organised into business streams based on products and services and operating segments based on geography which resulted in five reportable operating segments as follows:

Power and Water business stream

- Power and Water Generation — UAE; and
- Power Generation — Others.

Oil and Gas business stream

- Oil and Gas — North America;
- Oil and Gas — UK; and
- Oil and Gas — Netherlands.

As of 1 January 2013, a review of the Group's operating segments identified that the operating segment structure adopted in prior periods was no longer appropriate. Changes to the Group's management reporting in 2013 mean that business units are no longer assessed taking into account geography and only products and services are now considered in management's assessment of the Group's performance and in the allocation of resources to segments. Accordingly, since 1 January 2013, the Group has only two reportable operating segments: Power and Water, and Oil and Gas. The Group expects that Energy Solutions will become a reportable operating segment once it satisfies the relevant International Financial Reporting Standards ("**IFRS**") materiality requirements.

Effective 1 January 2014, TAQA North changed its functional currency from Canadian dollars to U.S. dollars to reflect the fact that since that date its long-term funding has principally been denominated in U.S. dollars. In accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates), the change has been applied prospectively, with all of TAQA North's assets, liabilities and equity items being translated into U.S. dollars at the exchange rate on 1 January 2014. The cumulative translation adjustment associated with TAQA North will remain in equity and only be adjusted on disposal or partial disposal of TAQA North.

The Group's financial year ends on 31 December, and references in this Prospectus to any specific year are to the 12-month period ended on 31 December of such year unless indicated otherwise. The Financial Statements have been prepared in accordance with IFRS.

Where information is identified in a table as unaudited, this means that the information has been extracted from information that has not been audited and does not imply that all other information in the table has been separately audited.

Non-GAAP Financial Measures

This Prospectus includes EBITDA data. EBITDA is a non-IFRS financial measure that is used by management as an additional measure of performance. EBITDA is not defined by IFRS or recognised within IFRS as a measure of performance and should therefore not be considered as an alternative to other IFRS measures, such as:

- profit after tax (as determined in accordance with IFRS);
- cash flow from operating, investing or financing activities (as determined in accordance with IFRS); or
- any other measures of performance under IFRS,

or as a measure of operating performance or the Group's ability to meet its cash needs. The Group defines EBITDA as (loss) profit for the year before finance costs, taxes, depreciation, depletion and amortisation, net foreign exchange (losses) gains, other income, interest income, loss on repurchase of bonds, changes in fair value of derivatives and fair value hedges, bargain purchase gain, gain from sale of joint venture, gain on sale of land and oil and gas assets, provisions for impairment, gain on disposal of an associate and gain on sale of available for sale investment.

EBITDA has limitations as an analytical tool and an investor should not consider this measure in isolation, or as a substitute for other measures used in analysing the Group's results of operations. Some limitations of EBITDA are that:

- it does not reflect the Group's cash expenditures;
- it does not reflect the Group's future requirements for capital expenditure or contractual commitments;
- it does not reflect the Group's cash requirements or changes in the Group's working capital needs;
- it does not reflect interest expense or the cash requirements necessary to service interest or principal payments in respect of any borrowings;
- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future and this measure does not reflect any cash requirements for such replacements; and
- other companies in the Group's industry may calculate this measure differently from how the Group does, limiting its usefulness as a comparative measure.

EBITDA may not be indicative of the Group's historical operating results, and it is not meant to be a projection or forecast of future results. In particular, EBITDA should not be considered as a measure of discretionary cash available to the Group to invest in the growth of its business.

The Group believes that EBITDA provides useful information to investors because it is used by management in analysing the Group's core performance excluding the impact of certain non-operating factors, as it removes the results of certain decisions that are outside the control of operating management and can differ significantly from company to company depending on long-term strategic decisions regarding capital structure, the stage of growth development, capital expenditure requirements and the jurisdictions in which certain of its companies operate and make capital investments.

In addition, the Group believes that EBITDA is a measure commonly used by investors, analysts and other interested parties in the Group's industry. EBITDA is not subject to audit or review by any independent auditors.

Presentation of Other Information

In this document, unless otherwise specified or the context otherwise requires, references to:

- "**$**", "**U.S.$**" and "**U.S. dollars**" are to U.S. dollars;
- "**UAE dirham**" and "**AED**" are to UAE dirham;
- "**£**" and "**sterling**" are to the currency of the United Kingdom;
- "**rupees**" are to the currency of the Republic of India:
- "**MYR**" are to the currency of Malaysia;
- "**MAD**" are to the currency of Morocco;
- "**Canadian dollars**" and "**C$**" are to the currency of Canada;
- "**Renminbi**", "**RMB**" or "**CNY**" are to the lawful currency of the People's Republic of China (the "**PRC**") which, for the purposes of this Prospectus, excludes the Hong Kong Special Administrative Region of the PRC ("**Hong Kong**"), the Macau Special Administrative Region of the PRC and Taiwan; and
- "**euro**" and "**€**" are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

The Issuer publishes its financial statements in AED. This Prospectus contains a conversion of certain AED amounts into U.S. dollars at specified rates solely for the convenience of the reader. These conversions should not be construed as representations that the AED amounts actually represent such U.S. dollar amounts or could actually be converted into U.S. dollars at the rate indicated. The UAE dirham has been pegged to the U.S. dollar at a fixed exchange rate of AED 3.6725 = U.S.$1.00 since 22 November 1980 and, unless otherwise indicated, U.S. dollar amounts in this Prospectus have been converted from AED at this exchange rate.

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

See "*Glossary and Certain Defined Terms*" for the meaning of certain technical terms and abbreviations used in this Prospectus. References to a "**billion**" are to a thousand million.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the Financial Statements (as defined on page vi), and the Terms and Conditions set out on pages 26 to 47 of the prospectus dated 18 October 2007, the Terms and Conditions set out on pages 26 to 47 of the prospectus dated 8 September 2009 and the Terms and Conditions set out on pages 32 to 55 of the prospectus dated 25 November 2011 each relating to the Programme, which have been previously published or are published simultaneously with this Prospectus and which have been approved by the Financial Conduct Authority or filed with it. Such documents shall be deemed to be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

The parts of the above-mentioned documents which are not incorporated by reference into this Prospectus are either not relevant for investors or are covered elsewhere within this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the Issuer's website (http://www.taqaglobal.com/investors?sc_lang=en). Save for the documents specifically incorporated by reference in this Prospectus, the information contained on the Issuer's website is not incorporated by reference into, or otherwise included in, this Prospectus.

SUPPLEMENTARY PROSPECTUS

If at any time the Issuer shall be required to prepare a supplementary prospectus pursuant to section 87G of the Financial Services and Markets Act 2000 (the "**FSMA**"), the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus or a further Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute a supplementary prospectus as required by the UK Listing Authority and section 87G of the FSMA.

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in, or removal from, this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any Notes are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, it will during any period that it is neither subject to section 13 or 15(d) of the United States Securities and Exchange Act of 1934 (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder furnish, upon request, to any holder or beneficial owner of Notes or any prospective purchaser designated by any such holder or beneficial owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

SERVICE OF PROCESS AND ENFORCEMENT OF LIABILITIES

The Notes are governed by English law and disputes in respect of them may be settled under the Arbitration Rules of the London Court of International Arbitration (the "**LCIA Rules**") in London, England. In addition, actions in respect of the Notes may be brought in the English courts and in any other court of competent jurisdiction.

The majority of the directors of the Issuer are resident outside the United States and the United Kingdom, and a substantial portion of the assets of such persons and the Issuer are located outside the United States and the United Kingdom. As a result, it may not be possible for investors to effect service of process within the United States and/or the United Kingdom upon the Issuer or such persons or to enforce against any of them in the United States courts or courts located in the United Kingdom judgments obtained in United States courts or courts located in the United Kingdom, respectively, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state or territory within the United States.

A substantial part of the Issuer's assets are located in the UAE. In the absence of any bilateral treaty for the reciprocal enforcement of foreign judgments, the Emirate of Abu Dhabi's courts are unlikely to enforce a United States or English court judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the Notes. Investors may have difficulties in enforcing any English court judgments or arbitral awards against the Issuer in the courts of the Emirate of Abu Dhabi. In addition, even if English law is accepted as the governing law, this will only be applied to the extent that it is compatible with the Emirate of Abu Dhabi law and public policy. Moreover, judicial precedent in the UAE has no binding effect on subsequent decisions and there is no formal system of reporting court decisions in the UAE. These factors create greater judicial uncertainty than would be expected in certain other jurisdictions.

CREDIT RATING AGENCIES

The Issuer has been assigned ratings of A3 (stable outlook) by Moody's Investors Service España, S.A. ("**Moody's**") and A (positive outlook) by Standard & Poor's Credit Market Services Europe Limited ("**S&P**").

Moody's and S&P are established in the European Union and were registered by the European Securities and Markets Authority under the CRA Regulation on 31 October 2011.

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RISK FACTORS

TAQA believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and TAQA is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which TAQA believes may be material for the purpose of assessing the market risks associated with any Notes issued under the Programme are also described below.

TAQA believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but TAQA may be unable to pay principal, interest or other amounts on or in connection with any Notes for other reasons, and TAQA does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision. If any of the following risks actually materialises, the Group's revenue, financial condition and results of operations may be adversely affected.

Certain defined terms used in this section have the meaning given to them in ''Glossary and Certain Defined Terms''.

FACTORS THAT MAY AFFECT TAQA'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

Risks Relating to the Group's Business Generally

TAQA's ability to make payments under the Notes depends upon dividends and distributions from its subsidiaries and the companies in which it invests from time to time

TAQA is a holding company that conducts its operations principally through, and derives substantially all of its revenue from, its operating subsidiaries and other companies in which it invests. As a result of its holding company structure, TAQA's operating cash flow and ability to meet its obligations, including payments of principal and interest under the Notes, each depend upon the operating cash flow of TAQA's subsidiaries and the companies in which it invests.

The ability of those subsidiaries and companies to pay dividends or make other distributions or payments to TAQA will be subject to, among other things, the availability of profits or distributable funds, restrictions on the payment of dividends in covenants given in connection with financial indebtedness and restrictions in applicable laws and regulations, including, as a result of TAQA's investments in regulated utilities, restrictions that may be imposed by regulatory authorities. The terms and conditions of the Notes contain no covenants that prevent TAQA's subsidiaries or the other companies in which it invests from entering into agreements that may restrict their ability to pay dividends or make payments to TAQA and its affiliates, and the majority of TAQA's power generation and water desalination plants have been financed with limited recourse project finance facilities, which contain restrictive covenants, including a prohibition on the payment of dividends in certain circumstances, see ''*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital Resources — Project finance term loans*''.

Generally, in the event of a winding-up or insolvency of a subsidiary of TAQA, claims of secured and unsecured creditors of such subsidiary will have priority with respect to the assets and revenue of such subsidiary over the claims of TAQA or creditors of TAQA. Claims in respect of the Notes will therefore be effectively subordinated to creditors of existing and future subsidiaries of TAQA.

The Group's results of operations may be adversely affected by any decline in general economic or business conditions or continued disruptions in the global credit markets

Since early 2008, many economies around the world, including those in which the Group operates, have suffered slowdowns and/or recessionary conditions. These conditions have been exacerbated by disruptions to the global credit markets, particularly in the United States and Europe, as a result of the global financial crisis and, more recently, the European sovereign debt crisis. In addition, global commodity prices have been and continue to be volatile, see ''— *Risks Relating to the Group's Crude Oil and Natural Gas Exploration, Production, Transmission and Storage Business — The Group has recognised impairment charges in respect of certain of its crude oil or natural gas assets in each of the three years ended 31 December 2013, and may recognise additional impairments in the future*'', and there has been, and in some countries continues to be, significant political instability in the MENA region. Although some economies appear to have stabilised, the extent and timing of any recovery remain uncertain. The Group's financial performance could be adversely affected in the future by any deterioration of general economic and financial conditions in the markets in which the Group operates if such conditions result in reduced demand for the products the Group produces. Further, during periods of adverse economic conditions, TAQA and its subsidiaries may have difficulty accessing financial markets, which could make it more difficult or impossible to obtain funding for existing or proposed projects on acceptable conditions or at all. Such adverse economic or financial conditions could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's business is subject to significant operational hazards inherent in the power generation and oil and gas industries

The Group's business is subject to all of the operating risks normally associated with the ownership and management of power generation plants as well as the exploration for, and the production, storage, transmission or transportation and marketing of, crude oil, natural gas and natural gas liquids. These risks include explosions, fire, gaseous leaks, migration of harmful substances and oil spills, any of which individually or in combination could cause personal or fatal injury, result in damage to, or destruction of, oil and gas wells or formations, production facilities, other property and equipment and the environment, as well as interrupt operations. For example, in 2013 the Group experienced two separate significant incidents, see "*Description of the Group — Business Streams — Health, Safety, Security, Environmental Regulations and Compliance*". In addition, power generation plants may be subject to unplanned outages as a result of equipment failure or for other reasons, see "*— Risks Relating to the Group's Power Generation and Water Desalination Businesses — The Group's power generation facilities may experience equipment failures or may otherwise not operate as planned*". Any such events could therefore result in costs, losses or liabilities accruing to the Group and could also significantly adversely affect the Group's reputation. As a result, the occurrence of any of these risks could have a material adverse effect on the Group's business, results of operations and financial condition.

In addition, the Group's oil and gas operations are subject to all of the risks normally incidental to the drilling of crude oil and natural gas wells, laying pipelines, constructing sophisticated gas storage facilities and the operation and development of oil and gas properties, including encountering premature decline of reservoirs, invasion of water into producing formations, unexpected formations or pressures, blowouts, explosions, fires, equipment failures and other accidents, uncontrollable flows of oil, gas or well fluids, adverse weather conditions, adverse seismic conditions, chemical reactions in reservoirs, pollution and other environmental risks. A shift in oil and gas shipping methods may also present such risks in the transmission and transport of oil and gas. The Group's offshore production facilities are also subject to incremental hazards inherent in offshore drilling, including loss of integrity as a result of the age of the facilities and their exposure to an extreme marine environment, capsizing, sinking, grounding, vessel collision and damage from severe weather conditions. The Group is also exposed to these risks through their impact on common facilities utilised by the Group, such as the Sullom Voe Terminal in the Shetland Islands, through which the Group's oil production in the UK North Sea is further processed, or the Cormorant Alpha platform, through which the Group's Brent production passes. A loss of these common facilities could thus result in the shutdown or partial shutdown of other facilities and their operations.

The materialisation of any of these risks could, individually or in the aggregate, have a material adverse effect on the Group's business, results of operations and financial condition. For example, TAQA estimates that the gross revenue, before taxes, lost or deferred as a result of the interruptions to production caused by the Cormorant Alpha platform shut-in discussed under "*Description of the Group — Business Streams — Health, Safety, Security, Environmental Regulations and Compliance*" was approximately AED 550 million based on the average crude oil realisation achieved in the first half of 2013.

Group companies may have significant liabilities relating to investments and divestments undertaken by them

In connection with the investment in, or divestment of, shareholdings in or assets of a company, the relevant Group company may not always be fully indemnified by the transferor, or may owe obligations to the transferee, as the case may be, in respect of certain liabilities relating to the companies or the assets transferred.

Although TAQA undertakes customary due diligence prior to the acquisition of assets and interests that it believes is consistent with industry best practice, such a process may not necessarily reveal all relevant existing or potential problems, nor will it permit a buyer of assets from the Group to become sufficiently familiar with the properties to exhaustively assess their deficiencies and capabilities. TAQA does not inspect every oil and gas well, storage or distribution facility, power generation facility or water desalination facility it acquires, and even when it inspects a well or facility it may not discover all structural, subsurface or environmental problems that may exist or arise and which could have an adverse impact on the value of such asset. Structural or environmental problems, such as ground water contamination, are not necessarily observable even when an inspection is undertaken. It may therefore be possible that the entities and assets acquired are subject to liabilities of which the relevant Group company is unaware. In addition, the relevant Group company may be required to assume liabilities accrued prior to the transfer of its assets, including environmental, tax and other liabilities, and may acquire interests in properties on an "as is" basis. In instances where an acquiring Group company has obtained warranties or other protections to mitigate such risks, there is no certainty that it will be able to enforce its contractual or other rights or that such rights will be sufficient to cover the full extent of losses from such risks. For example, as a result of acquisitions made in prior periods, TAQA has assumed contingent liabilities in respect of certain past and potential future tax assessments and in respect of certain other disputed matters, see note 38(iv)(a) to the 2013 Financial Statements.

If any Group company incurs significant post-acquisition liabilities that it is unsuccessful in mitigating (whether through claims under applicable indemnities or otherwise), the Group's business, results of operations and financial condition could be materially adversely affected.

The Group is substantially dependent on a limited number of customers for a significant proportion of its revenue and is also dependent on third party suppliers of fuel to its power and water generation subsidiaries

TAQA's UAE power and water generation subsidiaries sell their products to one related party, the Abu Dhabi Water and Electricity Company ("**ADWEC**"), which is also the Group's most significant customer, accounting for 27.9% of the Group's total revenue for the year ended 31 December 2013, 25.2% in 2012 and 33.5% in 2011. Generally, TAQA's non-UAE power generation subsidiaries also sell their products to one party, which is typically a governmental entity. This concentration of sales with one entity exposes the Group to risks if the off-taker experiences financial or other difficulties, such as with TAQA's Indian subsidiary, TAQA Neyveli Power Company Pvt Ltd. (formerly ST-CMS Electric Company), which has in the past experienced delays in obtaining payment from its sole off-taker, or if contractual disputes arise between the relevant Group entity and the off-taker. The Group also has individually significant customers in the oil and gas business, for example all of the Group's Northern North Sea oil and Brae oil are sold to STASCO (Shell International Trading and Shipping Company), and all of the natural gas produced by the Group in The Netherlands is sold to GasTerra B.V., an entity owned by the Dutch government, under a long-term contract. In the year ended 31 December 2013, sales by the Group to customers who individually account for more than 10% of the Group's total revenue accounted for 59.7% of the Group's total revenue for the year, compared to 57.5% in 2012 and 65.9% in 2011. The Group had three such customers in 2013.

TAQA's UAE power and water generation subsidiaries are dependent on supplies of gas and back-up fuel to operate their facilities. This fuel is supplied by ADWEC, under the PWPA it has entered into with each generation subsidiary. ADWEC in turn is dependent on the operation of the Dolphin gas pipeline to receive the gas which it supplies. As a result, the Group is exposed to any interruptions in gas supply through the Dolphin pipeline and to non-performance by ADWEC in relation to its fuel supply obligations under the PWPAs. TAQA's international power and water generation subsidiaries have similar exposures under their contractual documentation with fuel suppliers.

Any interruption to or termination of any of the Group's contracts with any one or more of its individually significant customers or suppliers could have a material adverse effect on the Group's business, financial condition and results of operations.

The Notes are not guaranteed by the government of Abu Dhabi

Potential investors should note that, although the Abu Dhabi Department of Finance has confirmed that the Abu Dhabi government's policy is to provide broad and ongoing support to a limited number of government-owned entities, including TAQA, it is under no obligation to extend financial support to TAQA in the future. TAQA's obligations under the Notes are not guaranteed by the government of Abu Dhabi, and the Notes do not benefit from any legally enforceable government backing. TAQA's ability to meet its obligations under the Notes is solely dependent on TAQA's ability to fund such amounts from its operations, profit and cash flow or from external borrowings.

The Group's facilities could be exposed to catastrophic events, including natural disasters, terrorist attacks or war, that are beyond the Group's control

The Group's facilities may be exposed to the effects of natural disasters and other potentially catastrophic events, such as major accidents, armed conflicts, hostilities and terrorist attacks. This risk is increased by the broad geographical scope of the Group's operations and the fact that the Group's operations are commonly large, key infrastructure facilities. The Group's facilities may not be adequately protected or insured against all such events, see "*— The Group's insurance policies may not always be adequate and may not cover all damage and losses*" below. In addition, the Group may suffer adverse consequences from any such events affecting similar or related facilities in the countries or regions in which it operates, even if the Group's own facilities are not directly affected, particularly if the facilities affected are significant to the Group such as pipelines or transmission infrastructure upon which it is reliant. If any such events occur, this could materially and adversely affect a facility's operations and thereby have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's strategy contemplates selective acquisitions that could prove to be costly in terms of management time and resources and may impose post-acquisition risks

Although the Group's current strategy is focused on organic growth, it is currently considering, and will continue to consider, selective acquisitions that are complementary to its existing businesses and are expected to be accretive to its revenue and cash flow. Such acquisitions may prove costly and may result in the incurrence of additional debt. Recent acquisitions by the Group include significant hydrocarbon assets in the UK North Sea and an operating interest in the Atrush exploration block in the Kurdistan Region of Iraq, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Results of Operations — Significant Acquisitions and Asset Transfers between 1 January 2011 and 31 December 2013*". Such acquisitions may also require significant amounts of time and attention of senior managers and other resources. In addition, the Group may encounter difficulties in integrating the accounting and information technology systems of acquired entities and in ensuring that the compliance systems in acquired companies match those in the rest of the Group.

Although the Group's focus is on its current geographic footprint, being the Middle East, North and Sub-Saharan Africa, North America, Europe and India, the Group will consider expansion in other regions where there is a logical advantage and capability that would distinguish the Group. There are certain risks inherent in doing business in new jurisdictions, including regulatory requirements, legal uncertainty, trade barriers, difficulties in staffing and managing foreign operations, political instability and potentially adverse financial and tax consequences, including the inability to repatriate profits.

Should Group companies enter into significant acquisitions in the future, any of the foregoing factors could have a material adverse effect on the Group's business, results of operations and financial condition.

Significant capital expenditure and ongoing funding is required to develop the Group's assets

The Group's business plan to exploit and commercialise its assets, including maintaining the integrity of its existing facilities, requires significant capital expenditure and funding, for example in the development of the Bergermeer gas reservoir, the expansion of the Jorf Lasfar power generation facility in Morocco and the Takoradi power generation facility in Ghana and the Group's drilling programme and any consequent development activities in Western Canada and the United Kingdom. If sufficient funding is not available to meet these planned capital expenditure and funding requirements, this could have a material adverse effect on the Group's business, results of operations and financial condition, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital Commitments — Capital expenditure*" and "*— The Group's results of operations may be adversely affected by any decline in general economic or business conditions or continued disruption in the global credit markets*".

The Group is subject to joint venture risks

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

Further, TAQA (through the relevant Group joint venture company) may not be able to control the decision-making process of the joint ventures without reference to the joint venture partners, especially if, as is the case with its associated companies, it does not have majority control of the joint venture. Although TAQA will seek to exert a degree of influence over the management and operation of its investments by negotiating to obtain positions on management committees, to share control of the project with its joint venture partners and to have veto rights in respect of key decisions, TAQA may not always be successful. Moreover, these provisions may cause the management of relevant companies to become deadlocked, which may result in increased costs for the relevant joint ventures, delays to the projects they operate and failure to realise the relevant joint venture's business plans. In addition, the consent of its joint venture partners may be required for the payment of distributions or for the sale of those investments. This could prevent the Group from managing its investments in the manner that it would prefer and may hinder or prevent the Group from realising the benefits of its investments, including through the payment of dividends to TAQA, see "*— TAQA's ability to make payments under the Notes depends upon dividends and distributions from its subsidiaries and the companies in which it invests from time to time*" above.

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

The Group's projects under construction may not commence operation as scheduled or within budget or may not meet project specifications

The period leading to the commencement of operation of newly constructed power generation and water desalination plants (including the expansion of the Jorf Lasfar power generation facility in Morocco, see "*Description of the Group — Businesses — Power and Water — International power and water assets — Jorf Lasfar (Morocco)*"), the Takoradi power generation facility in Ghana, see "*Description of the Group — Businesses — Power and Water — International power and water assets — Takoradi (Ghana)*" and oil and gas facilities (including the gas storage Bergermeer project in The Netherlands, see "*Description of the Group — Businesses — Oil and Gas — Midstream oil and gas storage, processing and transport — The Netherlands midstream assets*") involves many risks, including:

- environmental, engineering, procurement and construction cost overruns and delays;
- the breakdown or failure of equipment, processes or technology;
- start-up and commissioning problems;
- problems relating to the connection of the new facilities to distribution networks;
- legal obstacles, such as obtaining rights of way or changes being made to the third party access rules; and
- delays in receiving necessary permits or licences for a proposed project.

By way of example, the final approvals and permits to construct and operate the Group's gas storage Bergermeer facility were received by the Group on 19 May 2011. However, on 8 August 2011, The Netherlands Council of State announced the suspension of site preparation activities for the Bergermeer facility until all appeals regarding the permits and approvals for the facility had been resolved. The final appeal decision of The Netherlands Council of State was granted on 2 May 2012. As a result, TAQA experienced a nine-month delay in implementing the Bergermeer project and generating any revenue from it, see "*Description of the Group — Businesses — Oil and Gas — Midstream oil and gas storage, processing and transport — The Netherlands midstream assets*".

In addition to Bergermeer, realisation of any such risks with respect to other projects under development may significantly delay or prevent the commencement of operations of such projects, or increase the cost of implementing such projects, which, in turn, may materially and adversely affect the Group's business, results of operations and financial condition.

The Group's land, mineral and other rights may be subject to challenge

The Group has extensive land, mineral and other rights in a number of jurisdictions that are subject to different laws and regulations. There is no assurance that an unforeseen defect in title, change in law or interpretation of law or political events will not arise to allow a third party to challenge the claim of the Group to one or more of its properties and/or assets or significantly limit its ability to use such properties or assets, or affect the nature of the Group's land or property rights going forward, which could have a material adverse effect on the Group's business, results of operations and financial condition.

For example, the Group's operations in Iraq may be adversely affected by tensions between the Iraqi government and the Kurdistan Regional Government ("**KRG**"), the official ruling body of the Kurdistan Region of Iraq. While the KRG asserts jurisdiction over oil and gas resources in the Kurdistan Region of Iraq and has granted production sharing contracts ("**PSCs**") for the exploration and production of oil thereunder (in December 2012, the Group acquired an interest in an exploration block in the Kurdistan Region of Iraq which has given it an interest in PSCs in the region, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Results of Operations — Significant Acquisitions and Asset Transfers between 1 January 2011 and 31 December 2013 — Acquisitions*"), there is no agreed legal framework in place in Iraq in relation to oil and gas. The Iraqi Ministry of Oil has denied the legitimacy of such PSCs and asserted that any international companies who have entered into and will enter into any such PSCs will be prohibited from tendering under national laws. As of the date of this Prospectus, there are several draft oil laws pending before the Iraqi parliament, all of which may cast doubt on the enforceability of the Group's PSC interest in the Atrush Block. Furthermore, in April 2012, the KRG halted oil and gas exports from the Kurdistan Region of Iraq, claiming that the Iraqi government had failed to make payments to companies in the region. Although exports resumed in August 2012, this was followed by threats by the KRG to stop exports again as the KRG claimed that the Iraqi government was continuing to withhold payments. Such tensions between the KRG and the Iraqi government may constrain the Group's ability to operate in Iraq or to profit from any future oil or gas discoveries, and any change in the political position of the KRG or implementation of the pending draft oil laws in Iraq could lead to legal and regulatory changes and/or have a material adverse impact on the Group's exploration rights and its ability to exploit them, which may in turn have a material adverse effect on the Group's business, results of operations or financial condition.

In addition, on 17 April 2014, a summons of repossession was delivered to TAQA in The Hague. The summons is based on court orders given in 1991 ordering the State of Iraq to pay approximately U.S.$14 million to an Indianapolis based entity following unpaid invoices relating to machinery for building a copper melting facility in Iraq. Due to the outbreak of the Gulf war the contract was terminated by the State of Iraq. The total claim (including interest) is approximately U.S.$35 million. The summons is addressed to TAQA Atrush BV and requires it to take certain actions in relation to amounts owing to it from, or owed by it to, the State of Iraq. The claim itself is not against TAQA and, in any event, TAQA's preliminary view is that the summons is without merit. However, given the timing of the claim, TAQA needs more time to assess the matter further.

The Group's licences may be suspended, terminated or revoked before their expiration and Group companies may be unable to obtain or maintain various permits or authorisations for their operations

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

In addition, to operate its business as currently contemplated, the Group must obtain permits and authorisations to conduct operations, such as land allotments, approvals of designs and feasibility studies, environmental impact studies, pilot projects and development plans, and for the construction of any facilities. This includes permits and authorisations from local municipalities. The Group may not be able to obtain, in a timely manner or at all, the required permits and authorisations for many reasons, including reasons beyond its control. If, as was the case with the development of the Bergermeer gas reservoir, see "*Description of the Group — Businesses — Oil and Gas — Midstream oil and gas storage, processing and transport — The Netherlands midstream assets*", the Group experiences any material delays in the receipt of any required permits or authorisations, or suspension of such permits or authorisations, it may have to delay its investment or development programmes, or both, which could materially adversely affect its business, results of operations and financial condition.

The Group could incur significant decommissioning costs in relation to its facilities

The costs of decommissioning oil and gas production, distribution and storage facilities as well as power generation and water desalination facilities that are currently in operation or development are generally payable at a time when the assets are no longer generating cash flow. These decommissioning costs may be significant, depending on the location, size and length of operation of the facility being decommissioned. Although the Group makes an accounting provision for decommissioning and site restoration costs, there are no immediate plans to establish a reserve account for these potential costs in respect of any of the Group's current properties or facilities. Rather, the costs of decommissioning are expected to be paid from the proceeds of revenue generated by these assets in accordance with industry practice. There can, however, be no assurance that the Group will accurately estimate decommissioning costs or that the revenue generated by these assets will be sufficient to meet the costs of decommissioning at the time when required to be incurred. To the extent that the Group is required to divert funds from other operations to meet decommissioning costs, its business, results of operations and financial condition could be materially adversely affected.

In addition, when Group companies have acquired facilities from third parties, as part of the consideration for such acquisitions, TAQA has, in most instances, been required to accept the decommissioning liabilities with respect to such facilities and to protect the selling parties from the future decommissioning liabilities. Some of these third parties have the right to require TAQA to secure its obligations with a parent company guarantee, letter of credit or other cash equivalent collateral. For example, a member of the Group has entered into decommissioning deeds for certain but not all of the North Sea Assets acquired by it pursuant to which it is required to either (a) place monies in trust or procure the issuance of letters of credit in an amount equal to 150% of its share of the net decommissioning costs of the subject fields, (b) procure a guarantee from TAQA or an affiliate with a credit rating of AA- (Standard & Poor's) or Aa3 (Moody's) or better or (c) provide security in such other form as may be agreed by the parties to the deeds. TAQA initially provided a parent company guarantee, but in the interim TAQA's credit rating was reduced to below the minimum credit rating specified in the deeds. TAQA has previously been in good faith discussions with the other parties to the deeds regarding whether and to what extent TAQA will be required to replace or supplement some or all of the parent guarantee with other acceptable credit support, with no decisions having been reached, and the parent guarantee remains in place. The UK government has recently introduced a legislative framework that is expected to allow security arrangements for North Sea decommissioning obligations to be made on a post-tax basis to the extent parties to the decommissioning deeds adopt modified agreements, although no assurance can be given that any such amendments will be agreed in the near future or at all, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Contingent Liabilities*". TAQA expects that when the discussions with its counterparties resume, any amendments to its decommissioning deeds will likely be on a post-tax basis. If TAQA was required to replace the parent guarantee in its entirety, the amount it would have to place in trust, or procure through the issuance of letters of credit or other cash equivalent collateral, could be in excess of U.S.$1.0 billion. Given the potential size of the decommissioning liabilities, if these third parties were to require TAQA to post security for all or a material portion of these liabilities, it may cause TAQA to divert funds or liquidity from other business purposes such that the Group's business, results of operations and financial condition could be materially adversely affected.

In respect of certain other North Sea Assets, TAQA is able to meet the security arrangements for decommissioning obligations by way of provision of a parent company guarantee, so long as TAQA continues to be majority owned by the Abu Dhabi government. Accordingly, if TAQA ceases to be majority owned by the Abu Dhabi government, this could significantly increase the cost to it of providing security for its decommissioning obligations, which could have a material adverse affect on the Group's business, results of operations and financial condition.

The Group's ability to sell its crude oil and natural gas production may be adversely affected by constraints on pipeline and transport systems or various other transport interruptions

The marketability of the Group's crude oil and natural gas production depends in part on the availability, proximity and capacity of pipeline transportation and gathering systems owned by third parties. The lack of available transportation capacity in these systems and facilities could result in the shutting-in of producing wells, the delay or discontinuance of development plans for properties, or lower price realisations. Although the Group has some contractual control over the transportation of its production, material changes in these business relationships could materially affect the Group's operations.

The Group may also experience difficulties transporting the oil and gas it produces depending upon the proximity of its reserves to pipelines, gathering systems and processing facilities. In particular, if the Group's exploratory drilling in the Western Canada Sedimentary Basin continues to be successful and new producing wells are established, new transport infrastructure, including pipelines and gathering systems, will need to be built to profit from the crude oil and natural gas expected to be produced by the Group in that area. Furthermore, any future export of the Group's petroleum assets in the Kurdistan region of Iraq may be constrained by government intervention in and political disputes around the export of petroleum from the region. See "*Regulation — Kurdistan Region of Iraq*".

If there are substantial capacity constraints on the Group's ability to transport its crude oil and natural gas production over an extended period of time, this could have a material adverse effect on the Group's business, results of operations and financial condition.

Compliance with or any breach of environmental legislation may significantly increase the Group's operating costs

The Group is subject to environmental laws and regulations in each jurisdiction in which it operates. In addition, special provisions may be appropriate or required in environmentally sensitive areas of operation, such as the requirement to monitor ground water at its Takoradi plant to detect fuel spills and resultant impacts to adjacent estuarine wetlands, and further social and environmental obligations may be imposed upon the Group through the terms of its commercial contracts and finance documents.

Significant liabilities could be imposed upon the Group for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property purchased by Group companies or non-compliance with environmental laws or regulations. Should the Group fail to comply with these obligations, it may be subject to substantial penalties, including the loss of its operating licences, termination of its commercial contracts, default under its financing contracts and/or criminal sanctions such as fines. Any of these could have a material adverse effect on the Group's business, results of operations and financial condition.

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

Group companies could be found to be in violation of the safety standards and regulations that apply to them

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

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

The Group's insurance policies may not always be adequate and may not cover all damage and losses

The Group believes that it takes a conservative approach to managing risk and uses insurance products to mitigate the effects of unexpected events on its operating assets and infrastructure. In addition, its operating subsidiaries are often required by the terms of their commercial contracts and finance documents to procure comprehensive insurance and reinsurance packages, see "*Summary of Material Agreements — Summary of Principal UAE Generation Agreements — Power and Water Purchase Agreement — Insurance*". However, there can be no assurance that sufficient amounts of insurance and reinsurance will always be available at a reasonable price and on reasonable commercial terms.

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

Even if a loss suffered by the Group is fully insured, the Group may experience delays in recovering under its insurance policies and is also exposed to the risk that the relevant insurance company may become insolvent or otherwise be unable to make payment in full under the relevant policy or that the policy is invalidated through the Group's failure to comply with the terms of the policy.

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

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

Group companies may be unable to recruit and retain qualified personnel

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

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

Group companies may be subject to labour or other unplanned production disruption

The Group has a number of staff belonging to certain trade unions that have a record of occasional industrial action. Third party contractors who provide services to the Group may also have staff belonging to these or other trade unions. The presence of trade unions may limit the flexibility of certain Group companies in dealing with their staff and third party contractors, including their ability to adjust capacity of operations in response to market conditions. If there is a material disagreement between any Group companies and one or more trade unions, those companies' operations could suffer an interruption or shutdown which could have a material adverse effect on the Group's business, results of operations and financial condition. Even trade union disputes that do not involve Group employees have the potential to impact the Group. For example, in August 2012, employees of several third party contractors of TAQA Neyveli Power Company Pvt Ltd. went on strike, which resulted in a short shutdown of the Group's power generation facility in India.

Litigation could adversely affect the Group's results of operations and financial condition

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

In addition, Group companies are subject to the risk of litigation or regulatory action by regulators in respect of their activities, including for breaches of applicable tax, environmental, health and safety and other laws and regulations. Any regulatory actions against one or more Group companies could lead to fines, the loss or restriction of operating licences, or other penalties, thereby having a material adverse effect on the Group's business, results of operations and financial condition.

The Group faces foreign exchange risk exposure

Group companies operate in a number of different jurisdictions and their functional currencies may be UAE dirham, U.S. dollars, euro, Canadian dollars, Moroccan dirham, Indian rupees, Ghanaian cedis, Omani rials, Saudi riyals, Iraqi dinars, pounds sterling or other currencies, depending on the jurisdiction in which they operate. The impact of the businesses of these companies on the Group's financial results will depend on the prevailing rates of exchange between the UAE dirham, the functional currency of the Group, and the relevant functional currency of the company concerned, and the Group's results of operations will be exposed to the risk of adverse fluctuations in such exchange rates. While the Group seeks to match the currency of the Group's cash flow and liabilities where possible, if significant foreign exchange risk exposure materialises, it may have a material adverse effect on the Group's business, results of operations and financial condition. In addition, to the extent that the Group expands its international operations and derives its revenue in additional currencies, the Group's results of operations will become subject to increased risks relating to exchange rate fluctuations.

The Group's business may be adversely affected if the existing UAE dirham/U.S. dollar peg were to be removed or adjusted

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

Potential conflicts of interest may arise between TAQA and its majority shareholder, and the interests of TAQA's majority shareholder may be different from those of its creditors

Abu Dhabi Water and Electricity Authority ("**ADWEA**") is the majority shareholder of TAQA and a minority shareholder in each of TAQA's UAE generation operations. ADWEC, a company wholly-owned by ADWEA, is also the primary supplier of fuel to the Group's UAE generation operations and the sole off-taker for their power and desalinated water output, see "— *The Group is substantially dependent on a limited number of customers for a significant proportion of its revenue and is also dependent on third party suppliers of fuel to its power and water generation subsidiaries*" above. Because of these different roles held by ADWEA and ADWEC, potential conflicts of interest may arise between TAQA and ADWEA resulting in the conclusion of transactions on terms not determined by market forces.

Potential investors should note that ADWEA and the Abu Dhabi government have the ability to control the composition of TAQA's board of directors and the outcome of most actions requiring shareholder approval. The interests of ADWEA and the Abu Dhabi government may be different from those of TAQA's creditors (including Noteholders).

The Group's operations are subject to stringent regulation in all the jurisdictions in which it operates and changes in law and regulation may adversely affect the Group

The Group's operations are subject to stringent regulation in the jurisdictions in which it operates. Applicable regulations include the need to comply with complex and varied legal and regulatory requirements, including with respect to prices, taxes, royalties, land tenure, allowable production, the extraction, production, transportation, storage and export of crude oil and natural gas and the generation, production and distribution of power and desalinated water.

Consequently, changes in law or regulation or regulatory policy and precedent in the countries in which the Group operates, including changes in tax law, could materially adversely affect the Group. In particular, decisions or rulings concerning, for example: (a) whether licences, approvals or agreements relating to land rights or to operate or supply are granted or are renewed or modified or whether there has been any breach of the terms of a licence, approval or regulatory requirement; (b) timely recovery of incurred expenditure or obligations, the ability to pass through commodity costs, a decoupling of energy usage and revenue; (c) matters relating to the impact of general economic conditions on the Group, its markets and customers, implications of climate change, the level of permitted revenue and dividend distributions for its businesses and in relation to proposed business development activities; (d) structural changes in regulation; and (e) reallocation of risk relating to transportation of the Group's oil and gas products could each have a material adverse impact on the Group's business, results of operations and financial condition. For example, in March 2011, the UK government increased the rate of supplementary charge to corporation tax on UK oil and gas production activities from 20% to 32% resulting in a U.S.$24 million deferred tax expense being recognised by the Group in 2011. In addition, in July 2012 the UK government passed legislation to restrict tax relief available for decommissioning expenditures from 62% to 50%. As a result, the Group recognised a further deferred tax adjustment of U.S.$74 million in 2012, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Years ended 31 December 2013, 2012 and 2011 Compared — Income Tax (Expense)/Credit*".

It is also important that the Group maintains good relations with the governments and regulatory authorities of the jurisdictions in which the Group operates. This is particularly key in the emerging markets where there is significant scope for development of the Group's business. Any deterioration in the Group's relations with the governments and regulatory authorities in the jurisdictions in which it operates could adversely affect the Group's ability to develop its business in these jurisdictions.

The laws and regulations in some of the countries in which the Group operates change frequently and unexpectedly and may be subject to inconsistent application or enforcement, potentially causing problems for Group entities operating in these countries. This is a particular threat in countries where changes in law depend on the decisions of authoritarian governments. Changes in law, including delays in amendments to legislation, create uncertainty in relation to the Group's ability to comply with such changed laws, potential restrictions on the Group's scope of operations and the Group's costs of doing business in the relevant countries, and may therefore adversely affect the Group's business, results of operations and financial condition.

The Group is subject to political and economic conditions in the regions and countries in which it operates

TAQA is incorporated in Abu Dhabi and listed on the Abu Dhabi Securities Exchange and, currently, a significant proportion of the Group's operations and interests are located in the UAE. While the UAE is seen as a relatively stable country, certain other regions and countries in which the Group operates, such as India, Iraq, Morocco and Ghana, are not. In particular, since early 2011, there has been political unrest in a range of countries in the MENA region, including Lebanon, Egypt, Algeria, Libya, Bahrain, Saudi Arabia, Yemen, Syria, Tunisia and Oman. This unrest has ranged from public demonstrations to, in extreme cases such as Syria, ongoing armed conflict and has given rise to increased political uncertainty across the region.

It is not possible to predict the occurrence of events or circumstances such as war or hostilities, or more generally the financial, political and economic conditions prevailing from time to time, in regions and countries in which the Group does business, or the impact of such occurrences or conditions, and no assurance can be given that the Group would be able to sustain its current profit levels if adverse political events or circumstances were to occur. A general downturn or instability in certain sectors of the UAE or the regional economy or political upheaval therein, could have an adverse effect on the Group's business, results of operations and financial condition. Investors should also note that the Group's business and financial performance could be adversely affected by political, economic or related developments both within and outside the MENA region because of interrelationships within the global financial markets.

Investors should also be aware that investments in these and other emerging markets in which the Group operates, including India, Iraq, Morocco and Ghana, are subject to greater risks than those in more developed markets, including risks such as:

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

In Iraq, although the country is a member of OPEC (as defined herein), it is not currently subject to production quotas. In recent months, general media coverage has suggested that Iraq will seek to re-join the OPEC quota system in the future, though a precise date remains uncertain. If this happens, Iraq's total production (including the production of both federal Iraq and the Kurdistan Region of Iraq) could exceed these quotas. The KRG may not consider itself bound by OPEC quotas (potentially contributing to the tensions that already exist around Group assets in the region, see "—*The Group's land and mineral rights may be subject to challenge*"), and any resulting over-production could result in adverse treatment by OPEC.

Separately, in the UK, there is uncertainty in relation to the possible devolution of Scotland. In September 2014, a referendum will take place to decide whether Scotland should become an independent country. If the result of the referendum is that Scotland should become independent, the legal and regulatory regimes for the oil and gas industry based in the Scottish part of the North Sea may be subject to change. If any of these risks should occur, this could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's international activities increase the compliance risks associated with economic and trade sanctions imposed by the United States, the European Union and other jurisdictions

European, U.S. and other international sanctions have in the past been imposed on companies engaging in certain types of transactions with specified countries or companies or individuals in those countries. Companies operating or investing in certain countries in the Middle East and Africa have been subject to such sanctions in the past. The terms of legislation and other rules and regulations that establish sanctions regimes are often broad in scope and difficult to interpret. Neither the Group nor any of its affiliates is currently the target of any such sanctions, and the Group has procedures designed to comply with applicable sanction regulations.

The Office of Foreign Assets Control of the U.S. Department of Treasury ("**OFAC**") administers regulations that restrict the ability of U.S. persons to invest in, or otherwise engage in business with, certain countries and specially designated nationals (together "**Sanction Targets**"). As the Group is not a Sanction Target, OFAC regulations do not prohibit U.S. persons from investing in, or otherwise engaging in business with the Group. However, to the extent that the Group engages in business with Sanction Targets, directly or indirectly, U.S. persons investing in the Group, including through the purchase of the Notes, may incur the risk of being exposed, indirectly, to Sanction Targets.

Risks Relating to the Group's Power Generation and Water Desalination Businesses

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

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

Further, such off-take arrangements only retain their value to the extent that the requisite power and desalinated water capacity can be made available. If for any reason the Group is not able to make available the requisite capacity, it could be in breach of its obligations under one or more of its agreements, which could result in litigation proceedings being brought against the Group or its relevant subsidiaries. Similarly, such agreements only retain their value to the extent that the off-taker is able to retain its creditworthiness. If the off-taker's creditworthiness materially deteriorates, the off-taker may no longer be able to fulfil its obligations under the agreement, such as paying for the capacity that has been made available or the electricity or desalinated water that has been supplied.

The Group's power generation and water desalination facilities are subject to changes in their operating cost structure. Although each of the Group's UAE generation facilities have long-term fuel supply arrangements pursuant to which its customers assume responsibility for purchasing and supplying primary fuel to its facilities or have PWPAs pursuant to which the cost of fuel is paid for by the customer on a pass-through basis, these facilities may in the future experience increases in costs relating to fuel to the extent that these are not covered by fuel supply contracts or under the relevant PWPA. In relation to Jorf Lasfar and Neyveli, the project companies are responsible for purchasing fuel, but pass the cost through to the off-taker based on a formula that is intended generally to allow a full pass-through of costs. In the case of the Red Oak Facility, the Group is exposed to changes in the price of the fuel used. In addition, operations, maintenance and repair costs and costs relating to environmental compliance, such as the cost of purchasing emissions offsets and capital expenditure incurred in installing environmental emission equipment, may increase in the future.

If the Group is unable to meet its obligations under the off-take and marketing agreements or power and water purchase agreements, or if these agreements are terminated for any reason, without suitable replacement arrangements being put in place, or if there are any adverse changes in the cost structure of the Group's power generation and water desalination facilities, the Group's business, results of operations and financial condition could be adversely affected.

The Group's power generation facilities may experience equipment failures or may otherwise not operate as planned

The operation of industrial facilities such as power generation and water desalination plants means that the Group's business is exposed to material operating risks. These can include, among other things, unplanned outages (such as the damaged generator rotor at the Group's Takoradi facility in Ghana which adversely impacted that facility's capacity and production in 2011), leading to a loss of revenue and profit, facilities operating inefficiently or below their designed capacity, unexpectedly high operating and maintenance costs, equipment failures and unforeseen third party liabilities. The Group has, in the past, experienced certain unplanned outages at its generation facilities due to equipment failures, which negatively impacted the relevant operating subsidiary's net income through lost revenue, penalty payments for capacity unavailability and increased costs. In addition, any planned outages that are a part of routine maintenance operations may last longer or cost more than anticipated, adversely affecting the Group's revenue and costs from its power generation and water desalination activities. In addition, the Group's power generation and water desalination facilities may require unexpected maintenance outside the scope of the scheduled maintenance programme. If the performance of any plant is below its expected levels of output or efficiency for these or any other reason, this could materially and adversely affect the return on the Group's investment in that plant and thereby significantly adversely affect the Group's business, results of operations and financial condition.

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

The primary energy source for each of TAQA's UAE generation subsidiaries' plants is natural gas. In the past, supplies of natural gas in the UAE have not always been sufficient to meet demand, including from natural gas fuelled generation plants. The Dolphin pipeline, operated by Dolphin Energy Limited, commenced operations in May 2007 and reached full capacity in early 2008. When operating at full capacity, the pipeline carries approximately 2,000 mmscf/d of natural gas from Qatar to the UAE. ADWEA is the principal UAE customer for the gas transported through the Dolphin pipeline and, as a result, problems related to gas shortages experienced by the UAE generation subsidiaries were reduced significantly when the pipeline became fully operational. However, demand for natural gas in the UAE continues to increase and ADWEC, as the Group's gas supplier in the UAE, continues to face competing priorities and is not always able to make natural gas available to the Group in the quantities required to operate its facilities. In such instances, the UAE generation subsidiaries must rely on back-up fuel oil to operate their plants. The Group's UAE generation facilities have used significant amounts of back-up fuel in recent periods, with total consumption of back-up fuel of 137.3MIG in 2011, 4.1MIG in 2012 and 5.7MIG in 2013. During extended periods of operation on back-up fuel oil, the UAE generation subsidiaries are dependent on the delivery of additional supplies of fuel oil to the plants. With, in most cases, only a seven day storage capacity at the plants, the logistics of supplying back-up fuel are such that, over an extended period of operation on back-up fuel, it may not be possible to supply the quantities of back-up fuel needed to continue to operate all of the plants at full capacity. Additionally, operation of the plants on back-up fuel oil over an extended period of time may result in increased maintenance costs and may reduce the expected useful life of the plants.

Risks Relating to the Group's Crude Oil and Natural Gas Exploration, Production, Transmission and Storage Businesses

Revenue derived from the Group's crude oil and natural gas assets may fluctuate based on market conditions

The Group's business, results of operations, financial condition and future growth depend in significant part on the prices it is able to realise for its crude oil and natural gas production. The Group has entered into a range of sale and purchase agreements in relation to its crude oil and natural gas production. The pricing mechanism for all these agreements is generally based on the spot price or monthly average prices for the relevant commodity at the time of delivery to the purchaser. As a result, the Group is exposed to volatility in the prices of the crude oil, natural gas and natural gas liquids it produces and sells.

Historically, the markets for crude oil and natural gas have been volatile, and such markets are likely to continue to be volatile in the future. For example, according to Bloomberg data, the average price per barrel for West Texas Intermediate crude oil (the most relevant reference price for the Group's North American crude oil production) was U.S.$95.11 in 2011, U.S.$94.10 in 2012 and U.S.$98.01 in 2013. Similarly, the average price per barrel for Brent crude oil (the most relevant reference price for the Group's UK North Sea crude oil production) was U.S.$110.91 in 2011, U.S.$111.99 in 2012 and U.S.$108.79 in 2013. The average price per mmbtu for Henry Hub natural gas (the most relevant reference price for the Group's North American natural gas production) was U.S.$4.03 in 2011, U.S.$2.75 in 2012 and U.S.$3.72 in 2013.

Prices for crude oil and natural gas are based on world supply and demand and are subject to large fluctuations in response to relatively minor changes in demand and a variety of additional factors beyond the control of the Group. These uncertainties and additional factors may include actions taken by the Organization of Oil Producing and Exporting Countries ("**OPEC**") and adherence to agreed production quotas, war, terrorism, government regulation, social and political conditions in oil and gas producing countries generally, economic conditions, prevailing weather patterns and meteorological phenomena such as storms and hurricanes and the availability of alternative sources of energy. It is impossible to accurately predict future oil and gas price movements.

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

Any sustained decline in oil and gas prices or the price for midstream services could have a material adverse effect on the Group's revenue, operating income, cash flow and borrowing capacity and may lead to a reduction in the carrying value of the Group's assets, its planned level of spending for exploration and development and the level of its reserves. See also, "— *The Group has recognised impairment charges in respect of certain of its crude oil or natural gas assets in each of the three years ended 31 December 2013, and may recognise additional impairments in the future*" below. No assurance can be given that prices will be sustained at levels that will enable the Group to operate its oil and gas business profitably.

The Group may fail to replace its current oil and gas reserves

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

Even if the Group is able to obtain the funds it needs to sustain its drilling programme, there can be no assurance that any production will be obtained as a result of these activities, or that if such production is obtained, it will be profitable. As a result, the Group may expend substantial funds without benefit, possibly resulting in significant impairments in its oil and gas operations, see "*— The Group has recognised impairment charges in respect of certain of its crude oil or natural gas assets in each of the three years ended 31 December 2013, and may recognise additional impairments in the future*" below.

The oil reserve and oil and gas resource data in this Prospectus are only estimates, and the Group's actual production, revenue and expenditure with respect to its reserves may be materially different from such estimates

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

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

The estimates for the Group's proven and probable reserves set out in this Prospectus were evaluated using the Society of Petroleum Engineers' Petroleum Resource Management System. Potential investors should note that the definitions and guidelines prescribed by the U.S. Securities and Exchange Commission or any other regulatory body may provide for a more conservative approach to reserve estimates and therefore result in lower reserve values than the approach currently followed by the Group. There can be no assurance that an assessment of the reserves using the Group's current methodology would be consistent with an assessment using any other methodology.

The Group has recognised impairment charges in respect of certain of its crude oil or natural gas assets in each of the three years ended 31 December 2013, and may recognise additional impairments in the future

TAQA's management determines whether there are any indications of impairment to the carrying values of the Group's property, plant and equipment at each reporting date based upon the difference between the recoverable amounts of cash-generating units and their carrying values. TAQA's management also determines recoverable amounts of cash-generating units based on the higher of value-in-use and fair value less costs of disposal. For the Group's oil and gas assets, these calculations require the use of estimates and assumptions, including assumptions regarding oil and gas prices, which may in turn impact the estimated life of a field, as well as assumptions related to operating costs, anticipated production from proved reserves and other relevant data. An actual or anticipated substantial and prolonged decline in oil or gas prices or unanticipated drilling results may indicate a need for the Group to write down the value of certain of its assets. For example, in the years ended 31 December 2011, 31 December 2012 and 31 December 2013, the Group recorded net impairment charges relating to property, plant and equipment of AED 587 million, AED 453 million and AED 1,649 million, respectively. These charges principally represented the write-down of certain of the Group's Canadian oil and gas properties primarily as a result of the decline in reserves under a low gas price environment. In addition, for the year ended 31 December 2013, the Group recorded a goodwill impairment of AED 1,598 million which also related to its oil and gas properties, and was largely driven by the decline in reserves in North America under a low gas price environment, resulting in a total provision for impairment in 2013 of AED 3,247 million.

For a further discussion of the Group's impairments in relation to its oil and gas properties in each of the three years ended 31 December 2013, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Years ended 31 December 2013, 2012 and 2011 Compared — Cost of Sales — Oil and Gas*". Subsequent adverse changes in oil and gas prices or drilling results, or further deviations in their levels from the Group's current estimates and assumptions, may result in the Group being unable to recover the carrying value of certain of its assets (particularly those with a long life), and make it appropriate to recognise more impairments in future periods. While a write-down does not directly affect cash flow, the charge to earnings results in a decrease in earnings and could be viewed unfavourably in the market or could materially adversely affect the Group's business, results of operations and financial condition or the market value of the Notes.

The cost of materials and services relating to the Group's oil and gas exploration and production activities could increase

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

Crude oil and natural gas exploration and development activities are inherently risky and subject to change

The Group's crude oil and natural gas exploration may involve unprofitable efforts, not only from dry wells but also from wells that are producing but do not produce sufficient net revenue to return a profit after drilling, operating and other costs. Completion of a well does not ensure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations and various field operating conditions may adversely affect the production from successful wells, see "*— Risks Relating to the Group's Business Generally — The Group's business is subject to significant operational hazards inherent in the power generation and oil and gas industries*".

Further, some of the Group's development and exploration projects are or may be located in hostile environments, or involve or may involve production from challenging reservoirs, which can exacerbate such problems. The climate and topography of some of the regions in which the Group's fields are located may limit access to certain fields and facilities during certain times of the year. For example, in winter, extreme weather could limit access to certain wells, and extreme cold could cause the temporary suspension of operations of wells with a high watercut. Such weather conditions could also limit the Group's exploration operations.

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

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

Some of the Group's oil and gas installations are past their original designed life

The Group conducts its operations in the North Sea and The Netherlands, principally using facilities the Group acquired from BP Nederland Energie B.V. in 2007 and from various former owners in the UK. Certain of these facilities are over 30 years old, which exceeds their original designed life. Management may not always be able to anticipate where modernisation efforts are needed to continue operating the installations at their current output levels, or to execute such efforts prior to any failure of the installations. Such failures may require increased levels of capital expenditure to replace these facilities, or result in a higher likelihood of oil spills, operating outages or other hazards, as described in "*— Risks Relating to the Group's Business Generally — The Group's business is subject to significant operational hazards inherent in the power generation and oil and gas industries*".

For example, in March 2011, an approximately 40-year old onshore facility of the Group in The Netherlands suffered a leak and the Group's Cormorant Alpha platform, which was shut-in for a period in early 2013 as discussed in "*— Description of the Group — Business Streams — Health, Safety, Security, Environmental Regulations and Compliance*", is also more than 30 years old. In both cases, the incidents may have been due in part to the age of the facilities concerned. There can be no assurance that similar incidents will not occur in the future.

Any continued decline in operating integrity of any of the Group's installations in the North Sea and The Netherlands could lead to an increase in health and safety risks, increased maintenance costs, financial losses and/or create significant reputational or legal liability, and could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's exploration and development activities depend on its ability to procure appropriate drilling and related equipment and personnel and the Group may only have limited control over the nature and timing of exploration and development on certain of its properties

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

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

The Group may not be successful in achieving its midstream initiatives

The Group is currently in the process of converting the depleted Bergermeer gas reservoir into a seasonal gas storage facility. TAQA is also considering potentially using certain of the Group's offshore gas fields located in The Netherlands for carbon sequestration storage. TAQA has obtained carbon storage licences for these fields. To the extent the Group is unsuccessful in completing the

Bergermeer project or certain of its other midstream initiatives, it may not realise the full value of these assets, which could have a material adverse effect on the Group's business, results of operations and financial condition, see "*— Risks Relating to the Group's Business Generally — The Group's licences may be suspended, terminated or revoked before their expiration and Group companies may be unable to obtain or maintain various permits or authorisations for their operations*".

The oil and gas industry is highly competitive

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

Risks Relating to the UAE and the Middle East

The Group is subject to political and economic conditions in the UAE

Although the UAE has generally enjoyed significant economic growth and stability over the last decade, there can be no assurance that such growth or stability will continue, particularly if events similar to the significant adverse financial and economic conditions experienced worldwide in 2008 and 2009 were to recur. Those events gave rise to a slowdown or, in some cases, a temporary reversal of the high rates of growth that had previously been experienced by many countries within the Gulf Co-operation Council ("**GCC**") and the UAE. Moreover, while the UAE government's policies have generally resulted in improved economic performance, there can be no assurance that such level of performance can be sustained.

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

The government of Abu Dhabi has exercised, and can be expected to continue to exercise, a strong influence over the Group's operations. ADWEA, a governmental agency, is TAQA's founding shareholder and owns approximately 51% of its equity. In addition, the government has an indirect ownership interest of approximately 21% through the Fund for the Support of Farm Owners in the Emirate of Abu Dhabi (the "**Farm Owners' Fund**"). Because of its shareholding, the government of Abu Dhabi is in a position to approve the election of all the members of the Board of Directors. Any unexpected changes in the government's policy on water production or power generation as it applies to the Group's UAE generation subsidiaries or any changes in the government's geographic investment priorities as they impact the Group's international operations could have a material adverse effect on the Group's results of operations and financial condition.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

The Notes may not be a Suitable Investment for all Investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

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

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

Risks Related to the Structure of a Particular Issue of Notes

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

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature is likely to limit the market value of Notes. During any period when TAQA may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

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

If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.

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

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

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

The Notes may be redeemed prior to their final maturity date for tax reasons

In the event that TAQA would be obliged to increase the amounts payable in respect of any Tranche due to certain changes affecting taxation in the UAE or the Emirate of Abu Dhabi or any political subdivision thereof, it may redeem all but not some only of the outstanding Notes of such Tranche in accordance with the Terms and Conditions of the Notes.

Risks Related to Renminbi Notes

Notes denominated in Renminbi ("**RMB Notes**") may be issued under the Programme. RMB Notes contain particular risks for potential investors, including:

Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of RMB Notes

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between the Renminbi and foreign currencies, including the Hong Kong dollar and the U.S. dollar, despite significant reduction over the years by the PRC Government of control over routine foreign exchange transactions under current accounts. Currently, participating banks in Singapore, Hong Kong and Taiwan have been permitted to engage in the settlement of Renminbi trade transactions. This represents a current account activity.

PRC regulation on the remittance of Renminbi into the PRC for settlement of capital account items is developing gradually. Generally, remittance of Renminbi by foreign investors into the PRC for capital account purposes such as shareholders' loans or capital contributions is only permitted upon obtaining specific approvals from the relevant authorities on a case-by-case basis and subject to a strict monitoring system.

On 12 October 2011, the Ministry of Commerce of the PRC ("**MOFCOM**") promulgated the Circular on Issues Concerning Direct Investment Involving Cross-border Renminbi (the "**MOFCOM Circular**"). Pursuant to the MOFCOM Circular, MOFCOM and its local counterparts are authorised to approve Renminbi foreign direct investment ("**FDI**") in accordance with existing PRC laws and regulations regarding foreign investment, with certain exceptions which require the preliminary approval by the provincial counterpart of MOFCOM and the consent of MOFCOM. The MOFCOM Circular also states that the proceeds of FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in domestic companies listed in the PRC through private placements or share transfers by agreement under the PRC strategic regime.

On 13 October 2011, the People's Bank of China ("**PBoC**") promulgated the "Administrative Measures on Renminbi Settlement of Foreign Direct Investment" (the "**PBoC FDI Measures**") to implement PBoC's detailed FDI accounts administration system. The system covers almost all aspects of FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, the PBoC issued further implementing rules for the PBoC FDI Measures. Under the PBoC FDI Measures, special approval for FDI and shareholder loans from the PBoC, which was previously required, is no longer necessary. In some cases however, post-event filing with the PBoC is still necessary.

As the MOFCOM Circular and the PBoC FDI Measures are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC.

There is no assurance that the PRC Government will continue to gradually liberalise the control over cross-border remittance of Renminbi in the future or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under any RMB Notes. If Renminbi is not available in certain circumstances as described under "*Terms and Conditions — Payments — Inconvertibility, Non-Transferability or Illiquidity*", the Issuer can make payments under the RMB Notes in a currency other than Renminbi. The relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes) will contain provisions dealing with the determination of the currency in which such payments will be made.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of RMB Notes and the Issuer's ability to source Renminbi outside the PRC to service RMB Notes

As a result of the restrictions imposed by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. Currently, licensed banks in Singapore and Hong Kong may offer limited Renminbi denominated banking services to Singapore and Hong Kong residents respectively and specified business customers. The PBoC has also established a Renminbi clearing and settlement mechanism for participating banks in Singapore, Hong Kong and Taiwan. Each of Industrial and Commercial Bank of China, Singapore Branch, Bank of China (Hong Kong) Limited and Bank of China, Taipei Branch (each a "**RMB Clearing Bank**") has entered into settlement agreements with the PBoC to act as the RMB clearing bank in Singapore, Hong Kong and Taiwan, respectively.

However, the current size of Renminbi-denominated financial assets outside the PRC is limited. Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC. They are only allowed to square their open positions with the relevant RMB Clearing Bank after consolidating the Renminbi trade position of banks outside Singapore, Hong Kong and Taiwan that are in the same bank group of the participating banks concerned with their own trade position, and the relevant RMB Clearing Bank only has access to onshore liquidity support from the PBoC for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement. The relevant RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or that the settlement agreement will not be terminated or amended in the future, each of which could have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of RMB Notes. To the extent the Issuer is required to source Renminbi outside the PRC to service RMB Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If the Issuer is unable to source such Renminbi, the Issuer's obligation to make a payment in Renminbi under the terms of the Notes may be replaced by an obligation to pay such amount in the Relevant Currency (as defined below) if 'RMB Currency Event' is selected as being applicable in the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes). If Renminbi is not available in certain circumstances as described under "*Terms and Conditions of the Notes — Payments — Inconvertibility, Non-transferability or Illiquidity*", the Issuer can make payments under the RMB Notes in a currency other than Renminbi. The relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes) will contain provisions dealing with the determination of the currency in which such payments will be made.

Investment in RMB Notes is subject to exchange rate risks

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions and by many other factors. All payments of interest and principal with respect to RMB Notes will be made in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments in U.S. dollar or other foreign currency terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of investment in U.S. dollar or other applicable foreign currency terms will decline.

An investment in Renminbi Notes is subject to interest rate risks

The PRC Government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. The RMB Notes may carry a fixed interest rate. Consequently, the trading price of such RMB Notes will vary with fluctuations in interest rates. If a holder of RMB Notes tries to sell any RMB Notes before their maturity, they may receive an offer that is less than the amount invested.

Payments in respect of RMB Notes will only be made to investors in the manner specified in terms and conditions of the relevant RMB Notes

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Singapore, Hong Kong and Taiwan. All Renminbi payments to investors in respect of the RMB Notes will be made solely (i) for so long as the RMB Notes are represented by a Global Note Certificate held with the common depositary for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in Singapore, Hong Kong or Taiwan in accordance with prevailing Euroclear and/or Clearstream, Luxembourg rules and procedures, or (ii) for so long as the RMB Notes are in definitive form, by transfer to a Renminbi bank account maintained in Singapore, Hong Kong or Taiwan in accordance with prevailing rules and regulations. Other than described in the Terms and Conditions of the Notes, the Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, cheque or draft or by transfer to a bank account in the PRC).

Gains on the transfer of Renminbi Notes may become subject to income taxes under PRC tax laws

Under the New Enterprise Income Tax Law and its implementation rules, any gains realised on the transfer of RMB Notes by holders who are deemed under the New Enterprise Income Tax Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the New Enterprise Income Tax Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. In addition, there is uncertainty as to whether gains realised on the transfer of the RMB Notes by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax.

If such gains are subject to PRC income tax, the 10% enterprise income tax rate and 20% individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the RMB Notes denominated in Renminbi minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to an arrangement between the PRC and Hong Kong for avoidance of double taxation, holders of RMB Notes who are Hong Kong residents, including both enterprise holders and individual holders, are exempted from PRC income tax on capital gains derived from a sale or exchange of the RMB Notes.

If a holder of RMB Notes, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on gains on the transfer of the RMB Notes, the value of the relevant holder's investment in the RMB Notes may be materially and adversely affected.

Risks Related to the Notes Generally

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

Investors in the Notes must rely on DTC, Euroclear and Clearstream, Luxembourg procedures

Notes issued under the Programme will be represented on issue by one or more Global Note Certificates that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or may be deposited with a nominee for DTC. Except in the circumstances described in each Global Note Certificate, investors will not be entitled to receive Notes in definitive form. Each of Euroclear, Clearstream, Luxembourg and DTC and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note Certificate held through it. While the Notes are represented by a Global Note Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Note Certificates, the Issuer will discharge its payment obligations under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note Certificate must rely on the procedures of the relevant clearing system and its participants in relation to payments under the Notes. The Issuer and the Company have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note Certificate.

Holders of beneficial interests in a Global Note Certificate will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Investors may experience difficulties in enforcing arbitration awards and foreign judgments in Abu Dhabi

The payments under the Notes are dependent upon the Issuer making payments to investors in the manner contemplated under the Notes. If the Issuer fails to do so, it may be necessary to bring an action against the Issuer to enforce its obligations and/or to claim damages, as appropriate, which may be costly and time-consuming.

Under current Abu Dhabi law, the Abu Dhabi courts are unlikely to enforce an English or United States court judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the transaction. In the UAE, foreign law is required to be established as a question of fact and the interpretation of English law, by a court in the UAE, may not accord with the perception of an English court. In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. They will not, however, honour any provision of foreign law which is contrary to public policy, order or morals in the UAE, or to any mandatory law of, or applicable in, the UAE. The UAE is a civil law jurisdiction and judicial precedents in Abu Dhabi have no binding effect on subsequent decisions. In addition, court decisions in Abu Dhabi are generally not recorded. These factors create greater judicial uncertainty than would be expected in certain other jurisdictions.

The Notes, the Agency Agreement, the Trust Deed and the Dealer Agreement are governed by English law and the parties to such documents have agreed to refer any unresolved dispute in relation to such documents to arbitration under the LCIA Rules.

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "**New York Convention**") entered into force in the UAE on 19 November 2006. Any arbitration award rendered in London should therefore be enforceable in the Emirate of Abu Dhabi in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the Abu Dhabi courts find that the subject matter of the dispute is not capable of settlement by arbitration or enforcement would be contrary to the public policy of the UAE.

There have been limited instances where the UAE courts, most notably the Fujairah Court of First Instance and the Dubai Court of Cassation, have ratified or ordered the recognition and enforcement of foreign arbitration awards under the New York Convention. It should be noted that only the Dubai Court of Cassation decision was a final decision. The uncertainty regarding the interpretation and application of the New York Convention provisions by the courts is further reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different Emirates within the UAE, some with their own court systems, whose rulings may have no more than persuasive force within other Emirates. There is therefore no guarantee that the Abu Dhabi courts will take the same approach in similar proceedings in the future.

In addition, a UAE court may consider the lack of mutuality in each of clause 18 of the Dealer Agreement, clause 18 of the Trust Deed and clause 21 of the Agency Agreement as being contrary to public policy in the UAE in accordance with Article V(2)(b) of the New York Convention.

The Issuer's waiver of immunity may not be effective under the laws of the UAE

UAE law provides that public or private assets owned by the UAE or any of the emirates may not be confiscated. Since the Issuer is majority-owned and controlled by the government of Abu Dhabi, there is a risk that the assets of the Issuer may fall within the ambit of government assets and as such cannot be attached or executed upon.

The Issuer has waived its rights in relation to sovereign immunity, however, there can be no assurance as to whether such waivers of immunity from execution or attachment or other legal process by it under the Agency Agreement, the Trust Deed and the Dealer Agreement are valid and binding under the laws of the UAE and applicable in Abu Dhabi.

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. The Terms and Conditions of the Notes also provide that a written resolution signed by the holders of 75% in nominal amount of the Notes outstanding shall take effect as if it were an Extraordinary Resolution. In certain circumstances, where the Notes are held in global form in the clearing systems, the Issuer and the Trustee (as the case may be) will be entitled to rely upon:

- where the terms of the proposed resolution have been notified through the relevant clearing system(s), approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing systems in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75% in nominal amount of the Notes of the relevant Series for the time being outstanding; and
- where electronic consent is not being sought, consent or instructions given in writing directly to the Issuer and/or the Trustee (as the case may be) by accountholders in the clearing systems with entitlements to such global certificate or, where the accountholders hold such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held (directly or via one or more intermediaries), provided that the Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and taken reasonable steps to ensure such holding does not alter following the giving of such consent/ instruction and prior to effecting such resolution;

A Written Resolution or an electronic consent as described above may be effected in connection with any matter affecting the interests of Noteholders, including the modification of the Conditions, that would otherwise be required to be passed at a meeting of Noteholders satisfying the special quorum in accordance with the provisions of the Trust Deed, and shall for all purposes take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting (where applicable) and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or Potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of TAQA or any previously substituted company, in the circumstances described in Condition 11 of the Terms and Conditions of the Notes.

European Monetary Union may cause certain Notes to be re-denominated

If notes are issued under the Programme which are denominated in the currency of a country which, at the time of issue, is not a member of the European Monetary Union which has adopted the euro as its sole currency and, before the relevant Notes are redeemed, the euro becomes the sole currency of that country, a number of consequences may follow. In that event (i) all amounts payable in respect of such Notes may become payable in euro; (ii) the law may allow or require such Notes to be re-denominated into euro and additional measures to be taken in respect of such Notes; and (iii) there may no longer be available published or displayed rates for deposits used to determine the rates of interest on such Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro could also be accompanied by a volatile interest rate environment, which could adversely affect investors in the Notes.

Withholding under the EU Savings Directive

Under EU Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to (or for the benefit of) an individual or certain other persons in that other Member State. However, for a transitional period, Luxembourg and Austria may instead apply (unless during that period they elect otherwise) to operate a withholding system in relation to such payments deducting tax at rates rising over time to 35.0% (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other territories). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the EU Savings Directive. The European Commission has proposed certain amendments to the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to any law implementing the EU Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, neither TAQA nor any Paying and Transfer Agent (as defined in the Terms and Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. TAQA is required to maintain a Paying and Transfer Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive or any law implementing or complying with, or introduced in order to conform to, such Directive.

U.S. Foreign Account Tax Compliance Withholding

The U.S. "Foreign Account Tax Compliance Act" (or "**FATCA**") imposes a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Notes are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligation under the Notes is discharged once it has paid the clearing systems, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries. Prospective investors should refer to the section "*Taxation — Foreign Account Tax Compliance Act*".

The value of the Notes could be adversely affected by a change in English law or administrative practice

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes and any such change could materially adversely impact the value of any Notes affected by it.

Investors who purchase Notes in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination of €100,000 plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks Related to the Market Generally

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

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

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

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate as well as the availability of a specified foreign currency at the time of any payment of principal or interest on a Note. As a result, investors may receive less interest or principal than expected, or no interest or principal. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Note would not be available at such Note's maturity.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

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

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes

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

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

OVERVIEW

TAQA is the holding company for a diversified international energy group headquartered in the Emirate of Abu Dhabi, United Arab Emirates. The Group's operating business comprises three business streams: the Power and Water business stream, the Oil and Gas business stream and the Energy Solutions business stream, which is currently at an early stage of development. For the year ended 31 December 2013, the Group's revenue was AED 25,757 million and it reported a loss of AED 1,768 million.

POWER AND WATER

The Group owns, develops, acquires and operates power generation and water desalination facilities in the Middle East, Africa and India and has a contractual interest in a power generation facility in the United States. TAQA owns majority interests in eight power generation and water desalination facilities in the UAE. In addition, TAQA owns an interest in and operates power generation facilities in each of Morocco, India and Ghana. TAQA also owns a majority interest in a tolling agreement in relation to a power generation facility in the United States and minority interests in a company which operates an aluminium smelter and related power generation plant in Oman and a power generation company in Saudi Arabia. In addition, in December 2012, TAQA acquired a controlling interest in Himachal Sorang Power Limited ("**HSPL**"), which is developing a 100MW hydro-electric power plant in Himachal Pradesh, India. Under the acquisition agreement, TAQA will progressively increase its interest in HSPL (up to 100%) following commissioning of the plant, which is expected to occur in 2014.

For the year ended 31 December 2013, the Power and Water business stream generated consolidated revenue from external customers of AED 13,567 million, or 52.7% of the Group's total consolidated revenue, and recorded a profit for the year (before adjustments, eliminations and unallocated) of AED 2,420 million.

As at 31 December 2013, the Group's facilities (excluding the power generation plant at Sohar Aluminium in Oman but including the Group's minority interest in the Jubail power plant in Saudi Arabia) had a gross power generation capacity of 12,494MW in the UAE and 2,918MW in operations outside the UAE and a gross desalinated water production capacity of 887MIGD. Based on TAQA's percentage ownership, its aggregate net interest in the facilities as at 31 December 2013 was 6,747MW in the UAE, 2,576MW internationally and 479MIGD, respectively. For the year ended 31 December 2013, total power production from the facilities was 76,712GWh and total desalinated water production from the facilities was 253,420MIG.

OIL AND GAS

The Group is engaged in upstream and midstream oil and gas businesses with its principal operations in North America (comprising Canada and the northwestern United States), the UK North Sea and The Netherlands. The Group also has a 39.9% interest in an exploration block in the Kurdistan Region of Iraq. The Group's upstream oil and gas business includes exploration, development and production of crude oil, natural gas and natural gas liquids. The Group's midstream oil and gas business includes gas storage, oil and gas processing and transport. For the year ended 31 December 2013, the Oil and Gas business stream generated consolidated revenue from external customers of AED 12,187 million, or 47.3% of the Group's total consolidated revenue, and recorded a loss (before adjustments, eliminations and unallocated) of AED 2,120 million. For the year ended 31 December 2013, aggregate daily average crude oil, natural gas liquids and natural gas production was 59.4 mboe/d, 12.9 mboe/d and 419.7 mmcf/d, respectively.

ENERGY SOLUTIONS

The Group's Energy Solutions business stream was formally established in January 2012 with the objective of developing innovative technologies to create a sustainable economy and thereby aligning TAQA's strategy more closely with that of Abu Dhabi's Economic Vision 2030, see "*Overview of the UAE and Abu Dhabi — Abu Dhabi's Economic Strategy*". In July 2013, the Group acquired a 50% interest in the 205.5MW Lakefield operating wind farm located in Minnesota (USA). This business stream does not currently contribute materially to the Group's revenue and profit.

STRATEGY

TAQA aims to build energy and water businesses of scale, focused on long-term value creation and diversification of risk. To achieve this, TAQA's long-term strategy is to fully leverage its dominant position within the Emirate of Abu Dhabi to develop and operate profitable energy and water infrastructure in Abu Dhabi and the rest of the UAE, and by using this position of strength to expand and compete globally in geographies that are of particular interest to the UAE.

All three of TAQA's business streams benefit from the application of this strategy:

- The Power and Water business stream has grown through the acquisition and enhancement by TAQA of significant power generation assets in competitive international markets. TAQA's UAE power and water assets provide the financial and reputational support to enable TAQA to continue to expand its global power and water portfolio of assets.
- The acquisition and development of significant operational capabilities in the Oil and Gas business stream has allowed TAQA to enter the strategic Kurdistan Region of Iraq through the acquisition of an operating interest in the Atrush Block. For this purpose, TAQA leveraged the skills within its three Oil and Gas businesses to assemble the technical and commercial expertise required to develop, operate and commercialise this important field.
- TAQA's home market of Abu Dhabi also provides incubation opportunities for new businesses within the recently established Energy Solutions business stream, including, for example, the 100MW waste-to-energy project discussed under "*Description of the Business — Business Streams — Energy Solutions*".

Through the implementation of the above strategy, the Group is making a meaningful contribution to the Abu Dhabi Economic Vision 2030 in the key areas of economic development, social and human resource development and infrastructure development. In particular, TAQA's strategy seeks to enable the diversification of income for Abu Dhabi, the creation of a sustainable knowledge-based economy for the Emirate and the provision of a reliable supply of electricity and water.

In terms of its geographic focus, TAQA aims to grow its business with the UAE and the MENA region as the centre of gravity, while also considering organic growth opportunities that fit its strategy within its current footprint.

By successfully executing its strategy, TAQA aims to realise its Vision 2020. This vision rests on five pillars:

- **Strong Abu Dhabi relationships**. TAQA builds on the strength of its Abu Dhabi relationships and contributes to the delivery of the Abu Dhabi Economic Vision 2030. It manages strategic energy and water assets critical to Abu Dhabi and the UAE. The Abu Dhabi relationships enable TAQA to more effectively manage geopolitical, regulatory and market risk in its international operations, and particularly in the MENA region.
- **Long-term value creation**. Through a diversified mix of assets, TAQA generates stable cash flows and steadily grows the business. Organic growth opportunities in the existing businesses are prioritised, although strategic non-organic growth opportunities are also considered. Non-strategic assets are divested to increase the Group's strategic focus.
- **Strong financial management**. The Group is committed to make prudent financial decisions with carefully planned and executed capital expenditure programmes and to apply leading levels of corporate governance. One of TAQA's ambitions is to achieve a stand-alone investment grade credit rating.
- **Operational excellence and technology application**. TAQA is continuously striving for operational excellence and to apply the latest technologies in order to deliver outstanding financial and operational performance. Most importantly, TAQA considers health and safety and the protection of the environment to be its top priorities.
- **Cohesive culture and inspired people**. TAQA's employees enjoy strong working relationships within a distinctive and cohesive culture based on a meaningful purpose, clear core values, a stimulating work environment and support for professional development. TAQA believes that its culture is unique, thus creating a competitive advantage in global markets. Finally, TAQA is committed to being a responsible corporate citizen in the communities where it operates.

COMPETITIVE STRENGTHS

TAQA's strategy is founded on its three distinctive competitive strengths.

Abu Dhabi Government Support

The Group benefits significantly from the strong support of the Abu Dhabi government. TAQA is the leading energy operator of scale among Abu Dhabi's state-owned enterprises and, as such, it is uniquely positioned to support specific opportunities in line with the Emirate's public and foreign policy. This advantage is sustainable and provides the following benefits:

- Ownership of energy and water assets in Abu Dhabi. TAQA provides over 95% of the electricity and water requirements of the Emirate through its majority ownership of eight integrated power generation and water desalination plants. This set of assets is the core of the Group's global Power and Water portfolio, and positions the Group within the top 10 global independent power producers in terms of gross power generation capacity.
- Support from Abu Dhabi in TAQA's relationships with non-UAE governments. Abu Dhabi has very strong government-to-government relationships with many countries. TAQA directly and indirectly benefits from these relationships, either through the support of development or operational activities internationally, or through access to a unique pipeline of international opportunities.

Large and Diversified Portfolio with a Presence in Emerging Markets

The Group operates in 11 countries spread across four continents, with businesses that span the energy value chain from upstream oil and gas exploration, development and operations to midstream oil and gas transport and storage services, as well as power generation and water desalination. This diversified platform has enabled the Group to reduce its exposure to individual business, country and currency risks. The Group's assets are balanced between investments dependent on commodity prices and investments that provide long-term committed revenue and earnings, see "*Description of the Business — Business Streams — Power and Water — Contractual nature of the power and water business*", as well as investments in developed and emerging markets.

The Group has assets in a number of emerging markets in the Middle East, Africa and India. These economies are experiencing, and are expected to continue to experience, higher economic growth rates than more mature markets. This growth not only translates into higher demand growth for energy, particularly electricity, but also requires significant investments in critical infrastructure such as power generation facilities and related energy infrastructure. TAQA believes that the Group is well positioned to benefit from these trends, particularly through its power generation presence and expansion in such markets.

Proven Capabilities

TAQA has proven capabilities in a number of areas. It is a developer of large capital projects in different business streams, for example the U.S.$1.6 billion expansion of the Jorf Lasfar power plant in Morocco and the U.S.$1 billion development of Gas Storage Bergermeer in The Netherlands.

The Group also has a solid track record in operating energy assets throughout the value chain. It operates onshore and offshore oil and gas exploration and production activities in challenging environments as well as midstream infrastructure. The Group also operates power plants in Morocco, India and Ghana.

TAQA has substantial capabilities in financial structuring and in effecting merger and acquisition transactions.

TAQA's management team comprises senior Emirati and international executives with extensive experience and established track records in the energy industry. TAQA's operational centres match its business footprint, providing strong management and operational teams at the Group's main centres of operation.

This Overview of the Programme constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive (the "**Prospectus Regulation**").

THE PROGRAMME

Issuer:	Abu Dhabi National Energy Company PJSC.
Description:	Global Medium Term Note Programme.
Size:	Up to U.S.$9,000,000,000 (or its equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arrangers:	Citigroup Global Markets Limited, Merrill Lynch International Mitsubishi UFJ, Securities International plc, Société Générale, Standard Chartered Bank and The Royal Bank of Scotland plc.
Dealers:	Citigroup Global Markets Limited, Merrill Lynch International Mitsubishi UFJ, Securities International plc, Société Générale, Standard Chartered Bank and The Royal Bank of Scotland plc.
	The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches, where the context allows.
Trustee:	Citicorp Trustee Company Limited.
Principal Paying and Transfer Agent:	Citibank, N.A.
Registrar:	Citigroup Global Markets Deutschland AG.
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the Final Terms or, in the case of Exempt Notes, Pricing Supplement.
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Form of Notes:	The Notes will be issued in registered form only. Notes will be evidenced by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Notes of one Series.
Clearing Systems:	Clearstream, Luxembourg, Euroclear (in the case of Regulation S Notes), DTC (in the case of Rule 144A Notes) and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Principal Paying and Transfer Agent, the Trustee and the relevant Dealer.
Initial Delivery of Notes:	Each Series of Notes may be evidenced by (i) interests in a Regulation S Global Note Certificate in the case of Notes offered

	outside the United States in reliance on Regulation S and/or (ii) interests in a Rule 144A Global Note Certificate in the case of Notes offered inside the United States to QIBs in reliance on Rule 144A. Each Regulation S Global Note Certificate will be deposited on or before the relevant issue date with, and registered in the name of a nominee of, the Common Depositary. Each Rule 144A Global Note Certificate will be deposited on or before the relevant issue date with a custodian for, and registered in the name of a nominee of, DTC. Beneficial interests in the Rule 144A Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. See "*Clearing and Settlement*". The provisions governing the exchange of interests in Global Note Certificates for Individual Certificates are described in "*Summary of Provisions Relating to the Notes while in Global Form*".
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.
Maturities:	Subject to compliance with all relevant laws, regulations and directives, any maturity.
Specified Denomination:...................	Definitive Notes will be in such denominations as may be specified in the relevant Final Terms, save that (other than in the case of Exempt Notes): (i) the minimum denomination of each Note will be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes); (ii) in the case of any Notes denominated in U.S. dollars, the minimum Specified Denomination shall be U.S.$200,000; and (iii) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies).
Fixed Rate Notes:............................	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes).
Floating Rate Notes:	Floating Rate Notes (as defined in "*Terms and Conditions of the Notes*") will bear interest determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., or (ii) on the basis of the reference rate set out in the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes). Interest periods will be specified in the relevant Final Terms.
Exempt Notes:.................................	The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the relevant Pricing Supplement.
Zero Coupon Notes:........................	Zero Coupon Notes (as defined in "*Terms and Conditions of the Notes*") may be issued at their nominal amount or at a discount to it and will not bear interest.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to

	time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes).
Redemption:	The relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes) will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies) (other than Exempt Notes).
Optional Redemption:	The Final Terms (or Pricing Supplement, in the case of Exempt Notes) issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders (in addition to the option described in "— *Noteholder Put Option upon Change of Control*" below), and if so the terms applicable to such redemption.
Noteholder Put Option upon Change of Control:	If the Emirate of Abu Dhabi, including, without limitation, any agency of its government or any entity controlled by it, at any time ceases to own and control (directly or indirectly) more than 50% of the economic and voting rights in respect of the Issuer, then each Note in respect of which the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes) specifies that the Change of Control Put Option is applicable will be redeemable at the option of the holder at the Change of Control Redemption Amount set out in the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes), together with (if applicable) interest accrued to but excluding the relevant Put Date (as defined in "*Terms and Conditions of the Notes*") if such option is exercised within the period of 30 days after the relevant Change of Control Notice (as defined in "*Terms and Conditions of the Notes*") is given.
Status of the Notes:	Subject as set out in "— *Negative Pledge*" below, the Notes are unsecured obligations of the Issuer which rank *pari passu*, without any preference among themselves and, subject as aforesaid, with all other outstanding present and future unsecured and unsubordinated obligations of the Issuer.
Negative Pledge:	The Notes contain a negative pledge in respect of the Issuer and any Material Subsidiary in relation to the creation of any Security Interest (other than certain Permitted Security Interests) to secure Relevant Indebtedness (as each such term is defined in "*Terms and Conditions of the Notes*"). See "*Terms and Conditions of the Notes — Covenants — Negative Pledge*".
Restriction on Disposals:	The Notes contain a restriction on disposals for so long as any Existing Bonds remain outstanding (other than as approved by an Extraordinary Resolution (each such term as defined in "*Terms and Conditions of the Notes*")) (1) by the Issuer or any Subsidiary (as defined in "*Terms and Conditions of the Notes*") of shares in any Domestic Subsidiary (or any holding company of any Domestic Subsidiary), in each case if, and to the extent that, any such disposal would result in the proportion of the total issued share capital of such Domestic Subsidiary beneficially owned by the Issuer (either

	directly or indirectly) being less than the proportion so owned by the Issuer on the Existing Bonds Issue Date (as defined in "*Terms and Conditions of the Notes*"), and (2) by any Domestic Subsidiary of its assets other than: (i) sales of inventory (including, without limitation, electricity and desalinated water) in the ordinary course of business; (ii) sales or transfers between one or more Domestic Subsidiaries; (iii) sales of equipment which is uneconomic, obsolete or no longer useful in the business of the relevant Domestic Subsidiary; and (iv) disposals of assets to a bank or other financial institution made in connection with, and solely for the purpose of, any financing to be extended to the debtor on a Shari'ah compliant basis. Domestic Subsidiary (as defined in "*Terms and Conditions of the Notes*") includes any subsidiary of the Issuer which is engaged from time to time in the business of power generation and/or water desalination in the Emirates of Abu Dhabi or Fujairah.
Cross Acceleration:	The Notes contain a cross-acceleration provision in respect of other Borrowed Money Indebtedness (as defined in "*Terms and Conditions of the Notes*" and including for this purpose any guarantee or indemnity in respect of the relevant indebtedness) of the Issuer or any Material Subsidiary becoming due and payable prior to its stated maturity by reason of any actual or potential default or event of default or a failure by the Issuer or any Material Subsidiary to pay when due, or within any applicable grace period, any Borrowed Money Indebtedness subject to an aggregate threshold amount of such Borrowed Money Indebtedness of U.S.$50,000,000. See "*Terms and Conditions of the Notes — Events of Default*".
Ratings:	The Programme has been rated by Moody's and S&P. Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be disclosed in the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes) and will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Early Redemption:	Except as provided in "*Optional Redemption*" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See "*Terms and Conditions of the Notes — Redemption*".
Withholding Tax:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the United Arab Emirates or the Emirate of Abu Dhabi subject to customary exceptions (including the ICMA Standard EU Tax Exemption Tax Language), all as described in "*Terms and Conditions of the Notes — Taxation*".
Governing Law:	English.
Listing and Admission to Trading:	Application has been made for Notes issued under the Programme to be listed on the London Stock Exchange or as otherwise specified in the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes). In addition, application may be made to admit the Notes to trading on the Abu Dhabi Securities Exchange. As

	specified in the relevant Pricing Supplement, in the case of Exempt Notes, a Series of Notes may be unlisted.
Selling Restrictions:	The United States, the European Economic Area (in respect of Notes having a specified denomination of less than €100,000 or its equivalent in any other currency as at the date of issue of the Notes (other than in the case of Exempt Notes)), the United Kingdom, the United Arab Emirates, the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Qatar, the State of Kuwait, the Republic of Singapore, Hong Kong, the PRC and the State of Japan. See "*Subscription and Sale*".

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note Certificate(s) evidencing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on the Certificates evidencing such Notes. In the case of Exempt Notes, the final terms (or the relevant provisions thereof) are set out in Part A of the relevant Pricing Supplement. The relevant Pricing Supplement in relation to any Tranche of Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms (or, in the case of Exempt Notes, the relevant Pricing Supplement). Those definitions will be endorsed on the Certificates. References in these Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by an amended and restated Trust Deed (as amended or supplemented as at the date of issue of the first Tranche of the Notes (the "**Issue Date**"), the "**Trust Deed**") dated 23 April 2014 between the Issuer and Citicorp Trustee Company Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Certificates referred to below. An amended and restated Agency Agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 23 April 2014 has been entered into in relation to the Notes between the Issuer, the Trustee, Citibank, N.A. as initial principal paying and transfer agent and calculation agent and Citigroup Global Markets Deutschland AG as registrar and paying and transfer agent. The principal paying and transfer agent, the paying and transfer agents, the registrar and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Principal Paying and Transfer Agent**", the "**Paying and Transfer Agents**" (which expression shall include the Principal Paying and Transfer Agent), the "**Registrar**" and the "**Calculation Agent(s)**".

Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, England) and at the specified offices of the Paying and Transfer Agents. If the Notes are to be admitted to trading on the regulated market of the London Stock Exchange the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. If this Note is a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (an "**Exempt Note**"), the applicable pricing supplement (the "**Pricing Supplement**") will only be obtainable by a Noteholder holding one or more such Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying and Transfer Agent as to its holding of such Notes and identity. Any reference in these Conditions to applicable Final Terms shall be deemed to include a reference to applicable Pricing Supplement where relevant. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.

1 Form, Denomination and Title

The Notes are issued in registered form in the Specified Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European

Economic Area in circumstances which require the publication of a Prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

This Note is a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Notes are evidenced by registered certificates ("**Certificates**") and, save as provided in Condition 2, each Certificate shall evidence the entire holding of Notes by the same holder.

Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate evidencing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" and "**holder**" (in relation to a Note) means the person in whose name a Note is registered. Capitalised terms have the meanings given to them hereon (the absence of any such meaning indicating that such term is not applicable to the Notes) and any terms defined in the Trust Deed and not in these Conditions shall have the same meaning when used herein except where otherwise indicated.

2 Transfers of Notes

(a) Transfer of Notes: One or more Notes may be transferred upon the surrender (at the specified office of the Registrar or any Paying and Transfer Agent) of the Certificate evidencing such Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or any Paying and Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes evidenced by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, such approval not to be unreasonably withheld or delayed. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(b) Exercise of Options or Partial Redemption in respect of Notes: In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a redemption of, some only of a holding of Notes evidenced by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Paying and Transfer Agent. In the case of a transfer of Notes to a person who is already a holder of Notes, a new Certificate evidencing the enlarged holding shall only be issued against surrender of the Certificate evidencing the existing holding.

(c) Delivery of New Certificates: Each new Certificate to be issued pursuant to Condition 2(a) or (b) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate. Delivery of the new Certificate(s) shall be made at the specified office of the relevant Paying and Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Paying and Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Paying and Transfer Agent or the Registrar (as the case may be).

(d) ***Transfer Free of Charge:*** Transfer of Notes and Certificates and exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Paying and Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Issuer, the Registrar or the relevant Transfer Agent may require).

(e) ***Closed Periods:*** No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days prior to any date on which Notes are called for redemption by the Issuer at its option pursuant to Condition 6(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)).

3 Status

The Notes constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

4 Covenants

(a) ***Negative Pledge:*** So long as any Note remains outstanding (as defined in the Trust Deed) the Issuer will not and will ensure that none of its Material Subsidiaries will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**") other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or Relevant Sukuk Obligation, or any guarantee or indemnity in respect of any Relevant Indebtedness or Relevant Sukuk Obligation, without at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness or Relevant Sukuk Obligation, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed).

In these Conditions:

"**Domestic Subsidiary**" means:

(i) Emirates CMS Power Company PJSC, Gulf Total Tractebel Power Company PJSC, Arabian Power Company PJSC, Shuweihat CMS International Power Company PJSC, Taweelah Asia Power Company PJSC, Emirates SembCorp Water and Power Company PJSC, Fujairah Asia Power Company and Ruwais Power Company PJSC; and

(ii) any other Subsidiary which is engaged from time to time in the business of power generation and/or water desalination in the Emirates of Abu Dhabi or Fujairah;

"**Excluded Subsidiary**" means any Subsidiary:

(i) which is a single purpose company whose principal assets and business are constituted by the ownership, construction, acquisition, development and/or operation of an asset or group of related assets;

(ii) whose indebtedness for borrowed money in respect of the financing of such ownership, construction, acquisition, development and/or operation of an asset or group of related assets is subject to no recourse (other than any Permitted Recourse) to any member of the Group (other than such Subsidiary or another Excluded Subsidiary) in respect of the repayment thereof; and

(iii) which has been designated as such by the Issuer by written notice to the Trustee, provided that the Issuer may give written notice to the Trustee at any time that any Excluded Subsidiary is no longer an Excluded Subsidiary, whereupon it shall cease to be an Excluded Subsidiary;

"**Group**" means the Issuer and all the Subsidiaries;

"**Material Subsidiary**" means, at any time, any Subsidiary (other than an Excluded Subsidiary):

(i) whose total assets exceed 10 per cent. of the consolidated total assets of the Issuer; or

(ii) whose net profit before taxation exceeds 10 per cent. of the consolidated net profit before taxation of the Issuer.

For these purposes:

(1) all calculations shall be determined in accordance with the generally accepted accounting principles used in the preparation of:

  (A) the then latest annual audited consolidated financial statements of the relevant Subsidiary (in the case of a Subsidiary preparing consolidated financial statements) or the then latest annual audited financial statements of the relevant Subsidiary (in the case of a Subsidiary preparing non-consolidated financial statements); and

  (B) the then latest annual audited consolidated financial statements of the Issuer;

(2) upon a Material Subsidiary transferring all or substantially all of its assets or business to another Subsidiary, the transferor shall cease to be a Material Subsidiary on the effective date of such transfer and thereupon the transferee shall be deemed to be a Material Subsidiary until the date of its next annual audited consolidated financial statements or, as the case may be, annual audited financial statements are prepared after which whether it is or is not a Material Subsidiary shall be determined in accordance with paragraphs (i) and (ii) above; and

(3) subject to paragraph (1) above, if as a result of any transfer, reconstruction, amalgamation, reorganisation, merger or consolidation of a company which, immediately before such transfer, reconstruction, amalgamation, reorganisation, merger or consolidation, satisfied either of the tests set forth in paragraphs (i) or (ii) above, but immediately after such transfer, reconstruction, amalgamation, reorganisation, merger or consolidation does not satisfy either such test, such company shall immediately cease to be a Material Subsidiary;

"**Permitted Recourse**" means recourse for any indebtedness that may be incurred in connection with the financing of the ownership, construction, acquisition, development, construction and/or operation of an asset or group of related assets by any member of the Group, so long as the terms of such recourse are restricted such that:

(i) it shall be released following completion of the development or construction of such asset or group of related assets to the satisfaction of the holders of such indebtedness; or

(ii) it is limited to:

  (1) an agreed cash amount, and may only be enforced in the event that the development or construction of such asset or group of related assets cannot be completed or is subject to cost overruns or delays;

  (2) the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such asset or group of related assets;

  (3) shares, securities or other instruments representing ownership in, or indebtedness of, an Excluded Subsidiary;

  (4) an agreement by the relevant member of the Group not to dispose of any or all of such shares, securities or other instruments;

  (5) an agreement by the relevant member of the Group to subordinate its rights in respect of such shares, securities or other instruments for the benefit of the holders of indebtedness incurred by an Excluded Subsidiary;

(6) recourse for any indebtedness that may be incurred under a direct agreement entered into by the relevant member of the Group in connection with the project financing of such asset or group of related assets by an Excluded Subsidiary; or

(7) recourse in respect of any policy of insurance (or similar instrument, but for the avoidance of doubt not including any financial guarantee) which may be granted by a member of the Group which is not an Excluded Subsidiary for the benefit of an Excluded Subsidiary;

"**Permitted Security Interest**" means a Security Interest:

(i) securing indebtedness outstanding as of the Issue Date;

(ii) securing indebtedness acquired on acquisition of any Material Subsidiary, or on the acquisition of any property or assets, if, in either case, such Security Interest was not created in contemplation of the acquisition;

(iii) securing any indebtedness incurred in respect of the refinancing of any of the above, so long as such indebtedness is for an amount not materially greater than the principal (and any capitalised interest and fees) of such indebtedness and does not extend to property or assets having, in aggregate, a greater value than those to which the Security Interest being replaced relates;

"**Project Finance Indebtedness**" means any present or future indebtedness for borrowed money incurred to finance the ownership, construction, acquisition, development and/or operation of an asset or group of related assets of a member of the Group:

(i) which is incurred by an Excluded Subsidiary; or

(ii) in respect of which the person or persons to whom any such indebtedness is or may be owed by the relevant borrower (whether or not a member of the Group) has no recourse (other than any Permitted Recourse) to any member of the Group (other than an Excluded Subsidiary) for the repayment thereof;

"**Relevant Indebtedness**" means any indebtedness (other than Project Finance Indebtedness) which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities (otherwise than to constitute or represent advances made by banks and/or other lending financial institutions) which (i) for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market and (ii) are denominated or confer a right to payment of principal and/or interest in a currency other than the currency of the jurisdiction of incorporation of the Issuer;

"**Relevant Sukuk Obligation**" means any undertaking or other obligation to pay any money given in connection with any issue of trust certificates or other securities issued in compliance with (or intended to be issued in compliance with) the principles of Shari'ah (other than where such trust certificates or other securities form part of any Project Finance Indebtedness), whether or not in return for consideration of any kind, which (i) for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market and (ii) are denominated or confer a right to payment of principal and/or profit in a currency other than the currency of the jurisdiction of incorporation of the Issuer; and

"**Subsidiary**" means, at any time, any entity whose financial statements at such time are required by law or in accordance with applicable generally accepted accounting principles at such time to be fully consolidated with those of the Issuer.

(b) ***Disposals:*** So long as any Existing Bonds remain outstanding (except as shall have been approved by an Extraordinary Resolution) (1) the Issuer will not and will procure that no Subsidiary will convey, lease, sell, transfer or otherwise dispose of (or agree to do so at any future time) all or any of the shares in any Domestic Subsidiary (or in any holding company of any Domestic Subsidiary) held by the Issuer or such Subsidiary, as the case may be, in each case if, and to the extent that, any such disposal would result in the proportion of the total issued share capital of such Domestic Subsidiary beneficially owned by the Issuer (either directly or indirectly) being less than the proportion so owned by the Issuer on the Existing Bonds Issue Date and (2) the Issuer will procure that none of the

Domestic Subsidiaries will convey, lease, sell, transfer or otherwise dispose of (or agree to do so at any future time) all or any part of their assets except (in respect of the restriction in this sub-paragraph (2) only):

(i) sales of inventory (including, without limitation, electricity and desalinated water) in the ordinary course of business;

(ii) sales or transfers between one or more Domestic Subsidiaries;

(iii) sales of equipment which is uneconomic, obsolete or no longer useful in the business of the relevant Domestic Subsidiary; and

(iv) disposals of assets to a bank or other financial institution made in connection with, and solely for the purpose of, any financing to be extended to the debtor on a Shari'ah compliant basis.

In these Conditions, "**Existing Bonds**" means any of the U.S.$l,000,000,000 5.875 per cent. Bonds due 2016 or U.S.$1,500,000,000 6.5 per cent. Bonds due 2036, in each case issued on 27 October 2006 (the "**Existing Bonds Issue Date**") by the Issuer.

(c) ***Certificates:*** The Issuer shall, at the same time as sending the certificate referred to in the next paragraph, and also within 28 days of a request therefor made by the Trustee, provide to the Trustee a certificate of the Issuer signed by a duly authorised officer listing those Subsidiaries which as at the last day of the last financial year of the Issuer, or, as the case may be, as at the date specified in such request, were Material Subsidiaries, Excluded Subsidiaries and any Domestic Subsidiary falling within paragraph (ii) of the definition thereof (and, in the case of any entity which is a Material Subsidiary as a result of satisfying either of the tests set out in paragraphs (i) or (ii) of the definition thereof, the extracted figures used for the purpose of applying such test and the calculation thereof) provided that if no Existing Bonds remain outstanding the certificate need not identify Domestic Subsidiaries. The mathematical accuracy of the calculations in such certificate shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee and the Noteholders and the Trustee shall be entitled to rely on such certificate without any further investigation and shall not be liable to any person for so doing.

The Issuer has undertaken in the Trust Deed to deliver to the Trustee, within 30 days of its annual audited financial statements being made available to its members, and also within 30 days of a request therefor made by the Trustee, a certificate of the Issuer signed by a duly authorised officer as to there not having been an Event of Default or Potential Event of Default or a Change of Control (as defined in Condition 6 below) or other breach of the Trust Deed since the date of the last such certificate or, if none, the date of the Trust Deed, or if such an event has occurred, giving details of it. The Trustee shall be entitled to rely on such certificate and shall not be obliged to independently monitor compliance by the Issuer with the covenants set forth in this Condition 4, nor be liable to any person for not so doing and need not enquire further as to circumstances existing on the date of such certificate.

5 Interest and other Calculations

(a) ***Interest on Fixed Rate Notes:*** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date (as defined in Condition 5(j)) at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date provided that, if the Specified Currency is Renminbi and any Interest Payment Date falls on a day which is not a Business Day, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day. The amount of interest payable shall be determined in accordance with Condition 5(g).

(b) ***Interest on Floating Rate Notes:***

(i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(g). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day (as defined in Condition 5(j)), then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period (as defined in Condition 5(j)) shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions (as defined in Condition 5(j)) and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified hereon; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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

(B) Screen Rate Determination

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (as defined in Condition 5(j)) (being either LIBOR, EURIBOR, HIBOR or CNH HIBOR as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (as defined in Condition 5(j)) as at either 11.00 a.m. (London time in the case of LIBOR, Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) or, in the case of CNH HIBOR, 11.15 a.m. (Hong Kong time) or 2.30 p.m. (Hong Kong time) if, at or around that earlier time it is notified that the fixing will be published on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(y) If the Relevant Screen Page is not available or if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR or CNH HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (London time if the Reference Rate is LIBOR, Brussels time if the Reference Rate is EURIBOR or Hong Kong time if the Reference Rate is HIBOR or CNH HIBOR) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

(z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at approximately 11.00 a.m. (London time if the Reference Rate is LIBOR, Brussels time if the Reference Rate is EURIBOR or Hong Kong time if the Reference Rate is HIBOR or CNH HIBOR) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market, if the Reference Rate is EURIBOR, the Euro-zone interbank market or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate at approximately 11.00 a.m. (London time if the Reference Rate is LIBOR, Brussels time if the Reference Rate is EURIBOR or Hong Kong time if the Reference Rate is HIBOR or CNH HIBOR), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market, if the Reference Rate is EURIBOR, the Euro-zone interbank market or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(c) Linear Interpolation:

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

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(d) Zero Coupon Notes:

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(e) Accrual of Interest:

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(f) Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding:

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country of such currency.

(g) ***Calculations:*** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction (as defined in Condition 5(j)) for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(h) ***Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts:***

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any other determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or any Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying and Transfer Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(i) ***Determination or Calculation by Trustee:***

If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount and the Issuer fails to appoint a leading bank or investment banking firm under Condition 5(1) below, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(j) ***Definitions:***

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

"**Business Day**" means:

(i) in the case of a currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency;

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**");

(iii) in the case of Renminbi, a day (other than a Saturday or Sunday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; or

(iv) in the case of a currency and/or one or more Business Centres specified hereon a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres;

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

(i) if "Actual/Actual" or "Actual/Actual — ISDA" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "Actual/360" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(iv) if "30/360", "360/360" or "Bond Basis" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(v) if "30E/360" or "Eurobond Basis" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

(vi) if "30E/360 (ISDA)" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30;

(vii) if "Actual/Actual-ICMA" is specified hereon:

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

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

"**Determination Date**" means the date specified as such hereon or, if none is so specified, the Interest Payment Date;

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

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

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part, provided that if the Specified Currency is Renminbi, the Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01 (with halves being rounded up); and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon;

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or Renminbi other than where the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR or (ii) the day falling two Business Days in London prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling, euro nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (iv) the day falling two Business Days in Hong Kong prior to the first day of such Interest Accrual Period if the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR;

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified hereon;

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon;

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and, in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market and, in the case of a determination of CNH HIBOR, the principal Hong Kong office of four major banks dealing in Chinese Yuan in the Hong Kong inter-bank market, in each case selected by the Calculation Agent;

"**Reference Rate**" means the rate specified as such hereon;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon (or such replacement page, section, caption, column or other part of that service which displays the information);

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(k) ***Calculation Agent:*** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee, such approval not to be unreasonably withheld or delayed) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6 Redemption

(a) ***Final Redemption:***

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency. In the case of Fixed Rate Notes where the Specified Currency is Renminbi, if the Maturity Date falls on a day which is not a Business Day, the Maturity Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Maturity Date shall be brought forward to the immediately preceding Business Day.

(b) ***Early Redemption:***

(i) Zero Coupon Notes:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as provided in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable was the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) Other Notes: The Early Redemption Amount payable in respect of any Note (other than Notes described in paragraph (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) ***Redemption for Taxation Reasons:*** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Arab Emirates or the Emirate of Abu Dhabi or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two duly authorised officers of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above in which event it shall be conclusive and binding on Noteholders.

(d) ***Redemption at the Option of the Issuer:*** If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other minimum and maximum notice periods as may be specified in the applicable Final Terms), redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together (if applicable) with interest accrued to but excluding the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount (if any) to be redeemed specified hereon and no greater than the Maximum Redemption Amount (if any) to be redeemed specified hereon. All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall, unless otherwise specified hereon, also specify the nominal amount of Notes drawn and the holder(s) of such Notes, to be redeemed, which shall have been drawn in such place as the Trustee may in its sole discretion, approve and in such manner as it, in its opinion, deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) ***Redemption at the Option of Noteholders:***

(i) If General Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other minimum and maximum notice periods as may be specified in the applicable Final Terms) redeem or, at the Issuer's option, purchase (or procure the purchase of) such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together (if applicable) with interest accrued to but excluding the date fixed for redemption or purchase, as the case may be.

(ii) If Change of Control Put Option is specified hereon and if a Change of Control occurs, the Issuer shall, at the option of the holder of any such Note (unless prior to the giving of the relevant Change of Control Notice (as defined below) the Issuer has given notice of redemption under Condition 6(c) or 6(d)), redeem or, at the Issuer's option, purchase (or procure the purchase of) such Note on the Put Date at its Change of Control Redemption Amount together (if applicable) with interest accrued to but excluding the Put Date.

Promptly upon the Issuer becoming aware that a Change of Control has occurred the Issuer shall, and, at any time following the occurrence of a Change of Control, the Trustee, if so requested by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution, shall, give notice (a "**Change of Control Notice**") to the Noteholders in accordance with Condition 16 specifying the nature of the Change of Control.

If 85 per cent. or more in nominal amount of the Notes then outstanding have been redeemed or, as the case may be, purchased, pursuant to this Condition 6(e)(ii), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days after the Put Date), redeem or, at the Issuer's option, purchase (or procure the purchase of) all but not some only of the remaining outstanding Notes at their Change of Control Redemption Amount together (if applicable) with interest accrued to but excluding the date fixed for redemption or purchase, as the case may be.

The Trustee is under no obligation to ascertain whether a Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control or other such event has occurred.

For the purpose of these Conditions:

(a) a "**Change of Control**" shall occur if the Emirate of Abu Dhabi, including, without limitation, any agency of its government or any entity controlled by it, at any time ceases to own and control (directly or indirectly) more than 50 per cent. of the economic and voting rights in respect of the Issuer;

(b) "**Put Date**" shall be the tenth Business Day after the expiry of the Put Period; and

(c) "**Put Period**" shall be the period of 30 days after a Change of Control Notice is given.

(iii) To exercise any option specified in this Condition 6(e) the holder must deposit the Certificate evidencing such Note(s) with the Registrar or any Paying and Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying and Transfer Agent or the Registrar (as applicable) within the Notice Period or the Put Period, as applicable. No Certificate so deposited and option so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Purchases: The Issuer and any Subsidiaries may at any time purchase Notes in the open market or otherwise at any price.

(g) Cancellation: All Notes purchased by or on behalf of the Issuer or its Subsidiaries may be surrendered for cancellation by surrendering the Certificate evidencing such Notes to the Registrar and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7 Payments

(a) Notes:

(i) Payments of principal in respect of the Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Paying and Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest on the Notes shall be paid to the person shown on the Register at the close of business on (in the case of Renminbi) the fifth day and (in the case of a currency other than Renminbi) the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made, in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Paying and Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank. Payments of interest in Renminbi shall be made by transfer to the registered account of the holder.

(iii) For the purposes of Condition 7(a)(ii), "**registered account**" means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear in the Register at the close of business on the Record Date.

(b) ***Payments subject to Fiscal Laws:*** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders in respect of such payments.

(c) ***Appointment of Agents:*** The Principal Paying and Transfer Agent, the Paying and Transfer Agents, the Registrar and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying and Transfer Agent, the Paying and Transfer Agents, the Registrar and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time with the approval of the Trustee, such approval not to be unreasonably withheld or delayed, to vary or terminate the appointment of the Principal Paying and Transfer Agent, any other Paying and Transfer Agent, the Registrar or the Calculation Agent(s) and to appoint additional or other Paying and Transfer Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying and Transfer Agent, (ii) a Registrar, (iii) one or more Calculation Agent(s) where the Conditions so require, (iv) a Paying and Transfer Agent (which may be the Principal Paying and Transfer Agent) having its specified office in a major European city to the extent required by any stock exchange or other relevant authority on which the Notes may be listed or admitted to trading and (v) a Paying and Transfer Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any change of any specified office shall promptly be given to the Noteholders.

(d) ***Non-Business Days:*** If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in the relevant place of presentation, in such jurisdictions as shall be specified as "Financial Centres" hereon and:

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

(ii) which (in the case of a payment in euro) is a TARGET Business Day; or

(iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

(e) ***RMB Currency Event:***

If RMB Currency Event is specified in the applicable Final Terms and notwithstanding any other provision in these Conditions, by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able, or it would be impracticable for it, to satisfy any payment due under the Notes in Renminbi, the Issuer shall, on giving not less than five and not more than 30 days' irrevocable notice to the Noteholders prior to the due date for the relevant payment (unless this is not possible because the Issuer does not become aware of the Inconvertibility, Non-transferability or Illiquidity until the time at which payment is due to be made, when no such notice shall be required), settle such payment in the Relevant Currency on the due date at the Relevant Currency Equivalent of the relevant Renminbi amount.

In such event, payment of the Relevant Currency Equivalent of the relevant Renminbi amounts due under the Notes shall be made in accordance with Condition 7(a).

In this Condition 7(e):

"**Governmental Authority**" means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets of Hong Kong (including the HKMA);

"**HKMA**" means the Hong Kong Monetary Authority;

"**Illiquidity**" means the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain a sufficient amount of Renminbi in order to satisfy in full its obligation to make any payment due under the Notes;

"**Inconvertibility**" means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the date on which agreement is reached to issue the first Tranche of the Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**Non-transferability**" means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the date on which agreement is reached to issue the first Tranche of the Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**Rate Calculation Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and the principal financial centre of the Relevant Currency;

"**Rate Calculation Date**" means the day which is two Rate Calculation Business Days before the due date of the relevant amount under these Conditions;

"**Relevant Currency**" means U.S. dollars or such other currency as may be specified hereon;

"**Relevant Currency Equivalent**" means the Renminbi amount converted into the Relevant Currency using the Spot Rate for the relevant Rate Calculation Date; and

"**Spot Rate**", for a Rate Calculation Date, means the spot rate between Renminbi and the Relevant Currency as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on such date in good faith and in a reasonable commercial manner; and if a spot rate is not readily available, the Calculation Agent may determine the rate taking into consideration all available information which the Calculation Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Hong Kong or elsewhere and the People's Republic of China domestic foreign exchange market.

8 Taxation

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

(a) Other connection: To, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the United Arab Emirates or the Emirate of Abu Dhabi therein other than the mere holding of the Note;

(b) Surrendered for payment more than 30 days after the Relevant Date: In cases where surrender is required, in respect of which the Certificate is surrendered for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such additional amounts on surrender of such Certificate for payment on the thirtieth day assuming that day to have been a business day (as defined in Condition 7(d) above);

(c) Payment to individuals: Where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) Payment by another Paying and Transfer Agent: In cases where surrender is required, by or on behalf of a holder who would have been able to avoid such withholding or deduction by surrendering the relevant Certificate to another Paying and Transfer Agent in a Member State of the European Union.

As used in these Conditions, "**Relevant Date**" in respect of any Note means whichever is the later of (i) the date on which payment in respect of it first becomes due and (ii) if the full amount payable has not been received by the Principal Paying and Transfer Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts (except as provided in Condition 7(a)), Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall (except as provided in Condition 7(a)) be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events ("**Events of Default**") occurs, the Trustee at its discretion may, and if so requested by holders of at least one quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution and subject to being indemnified and/or secured and/or prefunded to its satisfaction shall, give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together with accrued interest:

(a) ***Non-Payment:*** The Issuer fails to pay in the Specified Currency any (i) principal in respect of any of the Notes when due and such failure continues for a period of seven days or (ii) interest on any of the Notes when due and such failure continues for a period of 14 days;

(b) ***Breach of Other Obligations:*** The Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the written opinion of the Trustee capable of remedy, is not in the written opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee;

(c) ***Cross-Acceleration:*** (i) any other Borrowed Money Indebtedness of the Issuer or any Material Subsidiary becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such Borrowed Money Indebtedness is not paid when due or, as the case may be, within any applicable grace period provided that the aggregate amount of the relevant Borrowed Money Indebtedness in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds U.S.$50,000,000 or its equivalent in another currency (as reasonably determined by the Trustee);

(d) ***Enforcement Proceedings:*** A distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or, in the opinion of the Trustee, any material part of the property, assets or revenues of the Issuer or any Material Subsidiary and is not discharged or stayed within 90 days;

(e) ***Security Enforced:*** Any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Material Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person, but excluding the issue of any notification to the Issuer or the relevant Material Subsidiary that such mortgage, charge, pledge, lien or other encumbrance has become enforceable);

(f) ***Insolvency:*** The Issuer or any Material Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or, in the opinion of the Trustee, a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of the debts of the Issuer or any Material Subsidiary;

(g) ***Winding-up:*** An order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any Material Subsidiary, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except, in any case, for the purpose of and followed by a transfer, reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the relevant Material Subsidiary are transferred to or otherwise vested in the Issuer or another Subsidiary;

(h) ***Illegality:*** It is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed; or

(i) ***Analogous Events:*** Any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs,

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

For the purpose of this Condition, "**Borrowed Money Indebtedness**" means, in relation to any person, any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent, comprising or constituted by:

(i) any liability to repay the principal of or to pay interest on borrowed money or deposits;

(ii) any liability under or pursuant to any:

(a) letter of credit;

(b) acceptance credit facility;

(c) note purchase facility; or

(d) foreign currency transaction;

(iii) any liability in respect of any purchase price for property or services, payment for which is deferred for a period in excess of 180 days after the later of taking possession or becoming the legal owner thereof; or

(iv) any liability under or pursuant to any guarantee or indemnity in respect of any of the obligations referred to in paragraphs (ii) or (iii) above.

References in Condition 10(c) (Cross-Acceleration) and (f) (Insolvency) to "Borrowed Money Indebtedness" and "debts", respectively, shall be deemed to include any analogous transaction entered into in compliance with (or intended to be entered into in compliance with) the principles of Shari'ah, whether entered into directly or indirectly by the Issuer or a Material Subsidiary, as the case may be and provided that (i) in the case of an analogous financing the proceeds accrue directly or indirectly for the benefit of the Issuer or a Material Subsidiary, as the case may be, and (ii) in the case of an analogous guarantee or indemnity, the guarantee or indemnity is given by the Issuer or a Material Subsidiary, as the case may be.

11 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders: The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) Modification of the Trust Deed and Waiver: The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

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

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

12 Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

14 Replacement of Notes and Certificates

If a Note or Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying and Transfer Agent and of the Registrar or such other Paying and Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity as may be required by the Issuer. Mutilated or defaced Notes or Certificates must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16 Notices

Notices to the holders of Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the first weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

17 Contracts (Rights of Third Parties) Act 1999

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

18 Governing Law and Jurisdiction

(a) Governing Law: The Trust Deed and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Arbitration:

(i) Subject to Condition 18(b)(ii) below, the Trustee and the Issuer have irrevocably agreed in the Trust Deed that any dispute arising out of or connected with the Trust Deed (which includes the Certificates, these Conditions and this Condition 18(b)), including a dispute as to the validity, existence or termination of the Trust Deed or a dispute relating to any non-contractual obligations arising out of the Trust Deed (a "**Dispute**") shall be resolved by arbitration in London, England conducted in the English language by three arbitrators, in accordance with the rules (as amended from time to time, the "**Rules**") of the London Court of International Arbitration (the "**LCIA**") (with party nomination of arbitrators), which Rules are deemed to be incorporated by reference into this Condition, save that, unless the parties agree otherwise, the third arbitrator, who shall act as chairman of the tribunal, shall be nominated by the two arbitrators nominated by or on behalf of the parties. If he is not so nominated within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, he shall be chosen by the LCIA.

(ii) Notwithstanding Condition 18(b)(i) above, a Dispute may, at the sole option of the Trustee, be resolved by proceedings brought in the courts of England. If the Trustee wishes to exercise this option, it must do so by notice (the "**Notice**") to the Issuer and, if a Request for Arbitration (as defined in the Rules) has been served, the Notice must be given within 28 days of such service. If the Trustee gives Notice pursuant to this Condition 18(b)(ii), the Dispute to which such Notice refers shall be determined in accordance with Condition 18(b)(iv) and any arbitration commenced under Condition 18(b)(i) in respect of the Dispute will be terminated. Subject, in the case of the Trustee, to its rights under Clause 9 of the Trust Deed, each of the parties to the terminated arbitration will bear its own costs in relation thereto.

(iii) If any Notice is given after service of any Request for Arbitration in respect of any Dispute, the Trustee must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination of such arbitration shall be without prejudice to:

(A) the validity of any act done or order made by that arbitrator or by the LCIA Court or Tribunal in support of that arbitration before his appointment is terminated;

(B) the entitlement of any arbitrator to be paid his proper fees and disbursements; and

(C) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

(iv) If a Notice is given pursuant to Condition 18(b)(ii), the Courts of England shall have jurisdiction to settle any Dispute, and the Issuer has waived under the Trust Deed any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Dispute, and has agreed not to claim that any such court is not a convenient or appropriate forum. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts. This submission is made for the benefit of each of the Noteholders and the Trustee and shall not limit the right of any of them to take proceedings in respect of a Dispute in any other court of competent jurisdiction nor shall the taking of such proceedings in one or more jurisdictions preclude the taking of such proceedings in any other jurisdiction (whether concurrently or not).

(c) Service of Process: The Issuer has in the Trust Deed irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any legal action or proceedings in England in connection with a Dispute. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) Waiver of immunity: To the extent that the Issuer may in any jurisdiction claim for itself or its assets immunity from suit, execution, seizure, attachment or other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity (whether or not claimed), the Issuer has in the Trust Deed irrevocably agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

THE GLOBAL NOTE CERTIFICATES

Each Series of Notes will be evidenced on issue by a Regulation S Global Note Certificate (deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg) and/or a Rule 144A Global Note Certificate (deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, DTC).

Beneficial interests in each Regulation S Global Note Certificate may be held only through Euroclear or Clearstream, Luxembourg at any time. See "*Clearing and Settlement — Book-Entry Ownership*". By acquisition of a beneficial interest in a Regulation S Global Note Certificate, the purchaser thereof will be deemed to represent, among other things, that it is not a U.S. person, and that, if it determines to transfer such beneficial interest prior to the expiration of the 40-day restricted period, it will transfer such interest only to a person whom the seller reasonably believes (a) to be a non-U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (b) to be a person who takes delivery in the form of an interest in a Rule 144A Global Note Certificate (if applicable). See "*Transfer Restrictions*".

Beneficial interests in each Rule 144A Global Note Certificate may only be held through DTC at any time. See "*Clearing and Settlement — Book-Entry Ownership*". By acquisition of a beneficial interest in a Rule 144A Global Note Certificate, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Trust Deed. See "*Transfer Restrictions*".

Beneficial interests in each Global Note Certificate will be subject to certain restrictions on transfer set forth therein and in the Trust Deed, and with respect to Rule 144A Notes, as set forth in Rule 144A, and the Notes will bear the legends set forth thereon regarding such restrictions set forth under "*Transfer Restrictions*". A beneficial interest in a Regulation S Global Note Certificate may be transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Note Certificate in denominations greater than or equal to the minimum denominations applicable to interests in such Rule 144A Global Note Certificate and only upon receipt by the Registrar of a written certification (in the form provided in the Agency Agreement) to the effect that the transferor reasonably believes that the transferee is a QIB and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in a Rule 144A Global Note Certificate may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note Certificate only upon receipt by the Registrar of a written certification (in the form provided in the Agency Agreement) from the transferor to the effect that the transfer is being made to a non-U.S. person and in accordance with Regulation S.

Any beneficial interest in a Regulation S Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Note Certificate will, upon transfer, cease to be an interest in such Regulation S Global Note Certificate and become an interest in such Rule 144A Global Note Certificate, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Rule 144A Global Note Certificate for as long as it remains such an interest. Any beneficial interest in a Rule 144A Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note Certificate will, upon transfer, cease to be an interest in such Rule 144A Global Note Certificate and become an interest in such Regulation S Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Regulation S Global Note Certificate for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes, but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. Except in the limited circumstances described below, owners of beneficial interests in Global Note Certificates will not be entitled to receive physical delivery of the Individual Certificates. No Notes will be issued in bearer form.

AMENDMENTS TO TERMS AND CONDITIONS OF THE NOTES

Each Global Note Certificate contains provisions that apply to the Notes that they evidence, some of which modify the effect of the Terms and Conditions of the Notes. The following is a summary of those provisions:

Payments

Payments of principal and interest in respect of Notes evidenced by a Global Note Certificate will be made against presentation for endorsement by the Principal Paying and Transfer Agent and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Note Certificate to or to the order of the Principal Paying and Transfer Agent or such other Paying and Transfer Agent as shall have been notified to the relevant Noteholders for such purpose. A record of each payment so made will be entered in the Register and endorsed in the appropriate schedule to the relevant Global Note Certificate, which endorsement will be *prima facie* evidence that such payment has been made in respect of the relevant Notes.

All payments in respect of Notes evidenced by a Global Note Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

Meetings

The holder of each Global Note Certificate will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and in any such meeting as having one vote in respect of each integral currency unit of the Specified Currency of the Notes.

Trustee Powers

In considering the interests of Noteholders while the Global Note Certificates are held through or on behalf of a clearing system, the Trustee, to the extent it considers it appropriate to do so in the circumstances, may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to each Global Note Certificate and may consider such interests as if such accountholders were the holders of any Global Note Certificate.

Cancellation

Cancellation of any Note required by the Terms and Conditions of the Notes to be cancelled will be effected by the Registrar making a notation of such event in the Register, and by reduction in the principal amount of the applicable Global Note Certificate.

Transfers

Transfers of interests in the Notes in respect of which the applicable Global Note Certificate is issued shall be made in accordance with the Agency Agreement.

Notices

So long as any Notes are evidenced by a Global Note Certificate and such Global Note Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for delivery of the relevant notice to the holder of the Global Note Certificate. Any such notice shall be deemed to have been given to the Noteholders on the day after the day on which such notice is delivered to the relevant clearing system as aforesaid. The Issuer shall also ensure that notices are duly published in a manner that complies with any relevant rules of any stock exchange or other relevant authority on which the Notes are for the time being, or by which they have for the time being been, admitted to trading.

EXCHANGE FOR INDIVIDUAL CERTIFICATES

Exchange

Each Global Note Certificate will be exchangeable, free of charge to the holder, in whole but not in part, for Individual Certificates if: (i) a Global Note Certificate is held by or on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, by the holder giving notice to the Registrar, or (ii) if the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction referred to in Condition 8 of the Terms and

Conditions of the Notes which would not be suffered were the Notes in definitive form and a notice to such effect signed by two duly authorised officers of the Issuer or by any other person(s) empowered by the board of directors of the Issuer to sign on behalf of the Issuer is delivered to the Trustee, by the Issuer giving notice to the Registrar and the Noteholders of its intention to exchange the relevant Global Note Certificate for Individual Certificates on or after the Exchange Date (as defined below) specified in the notice.

The Registrar will not register the transfer of, or exchange of interests in, a Global Note Certificate for Individual Certificates for a period of 15 calendar days ending on the date for any payment of principal or interest in respect of the Notes.

"**Exchange Date**" means a day falling not later than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar or the relevant Paying and Transfer Agent is located.

Delivery

In such circumstances, the relevant Global Note Certificate shall be exchangeable in full for Individual Certificates and the Issuer will, free of charge to the Noteholders (but against such indemnity as the Registrar or any relevant Paying and Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholders. A person having an interest in a Global Note Certificate must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Certificates and (b) in the case of the Rule 144A Global Note Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a QIB. Individual Certificates issued in exchange for an interest in the Rule 144A Global Note Certificate shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*".

Legends

The holder of an Individual Certificate may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or any Paying and Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Rule 144A Individual Certificate bearing the legend referred to under "*Transfer Restrictions*", or upon specific request for removal of the legend on a Rule 144A Individual Certificate, the Issuer will deliver only Rule 144A Individual Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Electronic Consent and Written Resolution

While any Global Note Certificate is registered in the name of any nominee for a clearing system, then:

(a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75% in nominal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum (as defined in the Trust Deed) was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Note Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, "**commercially reasonable evidence**" includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

CLEARING AND SETTLEMENT

Custodial and depositary links are to be established between DTC, Euroclear and Clearstream, Luxembourg to facilitate the initial issue of any Notes evidenced by a Global Note Certificate and cross-market transfers of such Notes associated with secondary market trading. See "— *Book-Entry Ownership*" and "— *Settlement and Transfer of Notes*" below.

Investors may hold their interests in a Global Note Certificate directly through DTC, Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

EUROCLEAR AND CLEARSTREAM, LUXEMBOURG

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services, including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations.

DTC

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organization" under the laws of the State of New York, a member of the U.S. 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 was created to hold securities for its Participants and to facilitate the clearance and settlement of securities transactions between Participants through electronic computerised book-entry changes in accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly.

Investors may hold their interests in a Rule 144A Global Note Certificate directly through DTC if they are Direct Participants in the DTC system, or as Indirect Participants through organisations which are Direct Participants in such system.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Direct Participants and only in respect of such portion of the aggregate principal amount of the Rule 144A Global Note Certificate as to which such Participant or Participants has or have given such direction. However, in the circumstances described under "*Summary of Provisions Relating to the Notes while in Global Form — Exchange for Individual Certificates*", DTC will cause its custodian to surrender the Rule 144A Global Note Certificate for exchange for Rule 144A Individual Certificates (which will bear the legend applicable to transfers pursuant to Rule 144A).

Payments through DTC

Payments in U.S. dollars of principal and interest in respect of a Global Note Certificate registered in the name of, or in the name of a nominee for, DTC will be made to the order of such nominee as the registered holder of such Note. Payments of principal and interest in a currency other than U.S. dollars in respect of Notes evidenced by a Global Note Certificate registered in the name of, or in the name of a nominee for, DTC will be made or procured to be made by the Principal Paying and Transfer Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Principal Paying and Transfer Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from the Issuer by the Principal Paying and Transfer Agent who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC Participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of payments of interest, on or prior to the third business day in New York City after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York City prior to the relevant payment date, to receive that payment in such currency. The Principal Paying and Transfer Agent will convert amounts in such currency into U.S. dollars and deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC Participants entitled to receive the relevant payment who did not elect to receive such payment in such currency. The Agency Agreement sets out the manner in which such conversions are to be made.

BOOK-ENTRY OWNERSHIP

Euroclear and Clearstream, Luxembourg

Each Regulation S Global Note Certificate evidencing Regulation S Notes will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

The address of Euroclear is 1 Boulevard du Roi Albert 11, B-1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855, Luxembourg.

DTC

Each Rule 144A Global Note Certificate evidencing the Rule 144A Notes will have an International Securities Identification Number ("**ISIN**"), Common Code and a Committee on Uniform Securities Identification Procedures ("**CUSIP**") number and will be deposited with a custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee of, DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC System.

The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the holder of a Note evidenced by a Global Note Certificate must look solely to DTC, Euroclear or Clearstream, Luxembourg (as the case may be) for its share of each payment made by the Issuer to the holder of such Global Note Certificate (save in the case of payments other than in U.S. dollars outside DTC, as referred to in "*— DTC — Payments through DTC*" above) and in relation to all other rights arising under such Global Note Certificate, subject to and in accordance with the respective rules and procedures of DTC, Euroclear or Clearstream, Luxembourg (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note Certificate, the common depositary by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants' or accountholders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note Certificate as shown on the records of the relevant common depositary or its nominee. The Issuer also expects that payments by Direct Participants in any clearing system to owners of beneficial interests in any Global Note Certificate held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Note Certificate and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Note Certificate in respect of each amount so paid. None of the Issuer, the Trustee or any Paying and Transfer Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

SETTLEMENT AND TRANSFER OF NOTES

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through Direct Participants, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participants' records.

Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within the clearing system will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates evidencing their ownership interests in such Notes, unless and until interests in any Global Note Certificate held within a clearing system are exchanged for Individual Certificates.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note Certificate to such persons may be limited. As DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a Rule 144A Global Note Certificate to pledge such interest to persons or entities that do not participate in DTC, or to otherwise take actions in respect of such interest, may be affected by a lack of physical certificate in respect of such interest.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

Trading between DTC Participants

Secondary market sales of book-entry interests in the Notes between DTC Participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement System in same-day funds, if payment is effected in U.S. dollars, or free of payment, if payment is not effected in U.S. dollars. Where payment is not effected in U.S. dollars, separate payment arrangements outside DTC are required to be made between the DTC Participants.

Trading between DTC seller and Euroclear/Clearstream, Luxembourg purchaser

When book-entry interests in Notes are to be transferred from the account of a DTC Participant holding a beneficial interest in a Rule 144A Global Note Certificate to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in a Regulation S Global Note Certificate (subject to the certification procedures provided in the Agency Agreement), the DTC Participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC Participant and the relevant Euroclear or Clearstream, Luxembourg Participant. On the settlement date, the custodian of a Rule 144A Global Note Certificate will instruct the Registrar to (i) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by such Rule 144A Global Note Certificate of the relevant class and (ii) increase the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by a Regulation S Global Note Certificate. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

Trading between Euroclear/Clearstream, Luxembourg seller and DTC purchaser

When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC Participant wishing to purchase a beneficial interest in a Rule 144A Global Note Certificate (subject to the certification procedures provided in the Agency Agreement), the Euroclear or Clearstream, Luxembourg Participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7.45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg and the Registrar to arrange delivery to the DTC Participant on the settlement date. Separate payment arrangements are required to be made between the DTC Participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg will transmit appropriate instructions to the custodian of such Rule 144A Global Note Certificate who will in turn deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC Participant and instruct the Registrar to: (i) decrease the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by a Regulation S Global Note Certificate; and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by a Rule 144A Global Note Certificate.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in Global Note Certificates among Participants and accountholders of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee or any Paying and Transfer Agent will have the responsibility for the performance by DTC, Euroclear, Clearstream, Luxembourg or their respective Direct or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

Settlement of Pre-issue Trades

It is expected that delivery of Notes will be made against payment therefor on the Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-l under the Exchange Act, trades in the United States secondary market are generally required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise.

Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until three days prior to the Issue Date will be required, by virtue of the fact the Notes will initially settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary.

Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes between the relevant date of pricing and the Issue Date should consult their own advisers.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for general corporate purposes, including the repayment of outstanding debt. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

CAPITALISATION

The table below shows the Group's capitalisation and indebtedness as at 31 December 2013. This table should be read together with the Group's 2013 Financial Statements incorporated by reference in this Prospectus.

	As at 31 December 2013
	(AED millions)
Bank balances and cash[(1)]	4,040
Debt:	
Short-term debt[(2)]	6,509
Long-term debt[(3)]	73,170
Total debt	**79,679**
Equity:	
Issued share capital	6,225
Treasury shares	(293)
Equity contributed capital	325
Other reserves	4,290
Retained losses	(1,375)
Foreign currency translation reserve	(1,194)
Cumulative change in the fair value of available for sale investments	68
Cumulative change in the fair value of derivatives in cash flow hedges	(2,593)
Non-controlling interests	3,595
Loan from non-controlling interest shareholders in controlled subsidiaries	642
Loan from ADWEA	2,624
Total equity	**12,314**
Total capitalisation[(4)]	**85,484**

Notes:

(1) Comprises cash and bank balances that are readily convertible into cash.

(2) Includes bank overdrafts and debt with a maturity of less than 12 months.

(3) Excludes debt with a maturity of less than 12 months. The Notes, when issued, will constitute long-term debt.

(4) Total equity plus long-term debt.

Since 31 December 2013, the Group has incurred further debt (including, most recently, a JPY20,394,000,000 term facility agreement) and further debt has been repaid. The Group expects to continue to raise finance through issues of Notes under the Programme and through bank finance. There has been no material change in the capitalisation of the Group since 31 December 2013.

SELECTED FINANCIAL AND OTHER INFORMATION

The selected financial information set forth below has been derived from the Group's Financial Statements which have been prepared in accordance with IFRS. The Group's Financial Statements are incorporated by reference in this Prospectus. The selected financial data set forth below should be read in conjunction with "*Presentation of Financial and Other Information*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Financial Statements.

Consolidated Income Statement Data[1]

	Year ended 31 December			
	2013	**2013**	**2012**	**2011**
	(U.S.$ millions)		*(AED millions)*	
Revenue				
Revenue from oil and gas (net of royalties)	2,937	10,787	10,572	10,825
Revenue from electricity and water	2,727	10,015	12,032	7,309
Fuel revenue	874	3,209	3,645	4,768
Gas storage revenue	58	213	199	271
Net liquidated damages	—	—	—	49
Other operating revenue	417	1,533	1,337	965
	7,013	**25,757**	**27,785**	**24,187**
Cost of sales				
Operating expenses	(3,089)	(11,346)	(13,745)	(9,571)
Depreciation, deletion and amortisation	(1,696)	(6,229)	(5,495)	(5,289)
Dry hole expenses	(95)	(348)	(144)	(149)
Provisions for impairment	(884)	(3,247)	(453)	(616)
	(5,764)	**(21,170)**	**(19,837)**	**(15,625)**
Gross profit	**1,249**	**4,587**	**7,948**	**8,562**
Administrative and other expenses	(326)	(1,199)	(1,041)	(860)
Finance costs	(1,385)	(5,087)	(5,023)	(4,555)
Interest income	27	100	38	44
Changes in fair value of derivatives and fair value hedges	11	41	243	281
Net foreign exchange (losses) gains	(51)	(186)	(9)	117
Bargain purchase gain	13	49	200	—
Gain on sale of land and oil and gas assets	27	101	380	91
Share of results of associates	35	128	157	298
Share of results of joint ventures	29	105	103	103
Loss on repurchase of bonds	—	—	—	(81)
Gain from sale of joint venture	15	54	—	28
Gain on sale of available for sale investment	—	—	415	—
Other income[2]	54	200	133	90
(Loss) profit before tax	**(301)**	**(1,107)**	**3,544**	**4,118**
Income tax expense	(180)	(661)	(2,183)	(2,534)
(Loss) profit for the year	**(481)**	**(1,768)**	**1,361**	**1,584**
Attributable to:				
Equity holders of the parent	(686)	(2,519)	649	744
Non-controlling interests	204	751	712	840

Notes:

(1) Certain line items in 2011 and 2012 have been reclassified to reflect the 2012 and 2013 presentation, respectively. See "*Presentation of Financial and Other Information*".

(2) Comprises other income in 2011; gain on disposal of an associate, other investment income and other gains and losses in 2012; and other investment income and other gains and losses in 2013.

Conslidated Statement of Other Comprehensive Income Data

	Year ended 31 December			
	2013	**2013**	**2012[(1)]**	**2011**
	(U.S.$ millions)	*(AED millions)*		
(Loss) profit for the year	**(481)**	**(1,768)**	**1,361**	**1,584**
Other comprehensive income (loss)				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Change in fair values of derivative instruments in cash flow hedges	477	1,751	(1,426)	(4,332)
Share of other comprehensive income of associates	(13)	(47)	(14)	(1)
Reclassification adjustments for losses included in the income statement	410	1,505	1,537	1,494
Reclassification adjustments for ineffective cash flow hedges	(7)	(24)	—	—
Exchange differences arising on translation of overseas operations	(377)	(1,383)	743	(767)
Changes in fair value of available for sale investments	(6)	(21)	250	74
Realised gain on sale of investment carried at fair value through other comprehensive income	—	—	(415)	—
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Board of Directors' remuneration	(2)	(6)	(6)	(4)
Remeasurement losses (gains) on defined benefit plans	2	8	(25)[(1)]	—
Other comprehensive income (loss) for the year	**486**	**1,783**	644[(1)]	**(3,536)**
Total comprehensive income (loss) for the year	**4**	**15**	**2,005**[(1)]	**(1,952)**
Attributable to:				
Equity holders of the parent	(591)	(2,171)	1,197[(1)]	(1,475)
Non-controlling interests	595	2,186	808	(477)

Note:

(1) Restated to include remeasurement losses on defined benefit plan to reflect the retrospective application of the amendments to IAS 19 (Employee Benefits). 2011 has not been restated on the basis that it was not practical to do so as prior to 2012 a cumulative adjustment was made to the Group's retained earnings in respect of the remeasurement gains/losses. See "*Presentation of Financial and Other Information*".

Consolidated Statement of Financial Position Data[1]

	At 31 December			
	2013	2013	2012[2]	2011
	(U.S.$ millions)		*(AED millions)*	
Assets				
Non-current assets				
Property, plant and equipment	22,234	81,654	79,862	77,439
Operating financial assets	2,717	9,977	7,787	4,363
Available for sale investments	159	583	509	1,122
Intangible assets	3,887	14,274	16,239	13,430
Investment in associates	161	592	433	512
Investment in joint ventures	39	144	723	735
Advances and loan to an associate	108	398	398	398
Deferred tax asset	134	494	—	—
Other assets	131	480	896	420
	29,570	**108,596**	**106,847**	**98,419**
Current assets				
Inventories	744	2,732	2,910	3,122
Operating financial assets	93	342	393	417
Advance and loan to associates	159	583	697	810
Accounts receivable and Prepayments	1,534	5,632	7,797	6,537
Cash and short-term deposits	1,100	4,040	3,946	3,988
	3,629	13,329	15,743	14,874
Assets classified as held for sale	—	—	—	1,400
Total assets	**33,199**	**121,925**	**122,590**	**114,693**
Equity and liabilities				
Equity attributable to owners of the parent				
Issued capital	1,695	6,225	6,225	6,225
Treasury shares	(80)	(293)	(293)	(293)
Contributed capital	88	325	325	341
Other reserves	1,168	4,290	4,188	4,048
Retained (losses) earnings	(374)	(1,375)	1,005[2]	1,138
Proposed dividends	—	—	607	607
Foreign currency translation reserve	(325)	(1,194)	189	(554)
Cumulative changes in fair value of available for sale investments	19	68	89	254
Cumulative changes in fair value of derivatives in cash flow hedges	(706)	(2,593)	(4,343)	(4,344)
	1,485	5,453	7,992[2]	7,422
Equity attributable to non-controlling interests				
Non-controlling interests	979	3,595	1,687	1,433
Loans from non-controlling interest shareholders in subsidiaries	175	642	979	1,060
Loan from Abu Dhabi Water and Electricity Authority (ADWEA)	715	2,624	2,655	2,675
Total equity	**3,353**	**12,314**	**13,313**[2]	**12,590**
Non-current liabilities				
Investment in associate	—	—	—	86
Interest bearing loans and borrowings	19,349	71,058	67,993	67,178
Islamic loans	575	2,112	2,304	1,661
Deferred tax	1,125	4,131	4,679[2]	4,606
Asset retirement obligations	3,321	12,196	9,086	7,502
Advances and loans from related parties	30	109	113	345
Loans from non-controlling interest shareholders in subsidiaries	50	185	85	94
Other liabilities	1,152	4,232	7,181[2]	7,317
	25,602	94,023	91,441[2]	88,789

	At 31 December			
	2013	2013	2012(2)	2011
	(U.S.$ millions)		*(AED millions)*	
Current liabilities				
Accounts payable, accruals and other liabilities	2,170	7,970	7,096	6,627
Interest bearing loans and borrowings	1,708	6,272	9,059	4,911
Islamic loans	39	143	131	127
Loans from non-controlling interest shareholders in subsidiaries	5	20	20	20
Amounts due to ADWEA and other related parties	123	453	403	444
Income tax payable	173	636	988	955
Bank overdrafts	26	94	139	169
	4,244	15,588	17,836	13,253
Liabilities classified as held for sale	—	—	—	61
Total liabilities	**29,846**	**109,611**	**109,277(2)**	**102,103**
Total equity and liabilities	**33,199**	**121,925**	**122,590**	**114,693**

Notes:

(1) Certain line items in 2011 and 2012 have been reclassified to reflect the 2012 and 2013 presentation, respectively. See "*Presentation of Financial and Other Information*".

(2) Restated to reflect the retrospective application of the amendments to IAS 19 (Employee Benefits). See "*Presentation of Financial and Other Information*".

Cash Flow Statement Data[1]

	Year ended 31 December			
	2013	2013	2012	2011
	(*U.S.$ millions*)	(*AED millions*)		
Net cash from operating activities	3,391	12,452	11,705	11,023[1]
Net cash used in investing activities	(1,874)	(6,884)	(11,295)	(5,146)
Net cash used in financing activities	(1,462)	(5,368)	(489)	(7,584)[1]
Net foreign exchange differences	(17)	(61)	67	37
Cash and cash equivalents at 1 January	1,037	3,807	3,819	5,489
Cash and cash equivalents at the end of the year	1,074	3,946	3,807	3,819

Note:

(1) Certain line items in 2011 and 2012 have been reclassified to reflect the 2012 and 2013 presentation, respectively. See "*Presentation of Financial and Other Information*".

EBITDA and Certain Ratios[1]

The table below shows the Group's EBITDA and a reconciliation of profit for the period to EBITDA for each of 2013, 2012 and 2011.

	Year ended 31 December			
	2013	2013	2012	2011
	(*U.S.$ millions*)	(*AED millions*)		
(Loss) profit for the year	**(481)**	**(1,768)**	**1,361**	**1,584**
Income tax expense	180	661	2,183	2,534
Other income and interest income	(82)	(300)	(14)	(134)
Loss on repurchase of bonds	—	—	—	81
Net foreign exchange (losses) gains	51	186	9	(117)
Changes in fair value of derivatives and fair value hedges	(11)	(41)	(243)	(281)
Finance costs	1,385	5,087	5,023	4,555
Bargain purchase gain	(13)	(49)	(200)	—
Gain from sale of joint venture	(15)	(54)	—	(28)
Gain on sale of land and oil and gas assets	(27)	(101)	(380)	(91)
Gain on sale of available for sale investment	—	—	(415)	—
Provisions for impairment	884	3,247	453	616
Depreciation, depletion and amortisation	1,696	6,229	5,495	5,289
Gain on disposal of an associate	—	—	(157)	—
EBITDA	**3,567**	**13,097**	**13,115**[1]	**14,008**[1]

Note:

(1) Certain line items in 2011 and 2012 have been reclassified to reflect the 2012 and 2013 presentation, respectively. See "*Presentation of Financial and Other Information*".

EBITDA is a non-IFRS financial measure that is used by management as an additional measure of performance. EBITDA is not defined by IFRS or recognised within IFRS as a measure of performance and should therefore not be considered as an alternative to other IFRS measures. For the periods under review, the Group has defined EBITDA as (loss) profit for the year before finance costs, taxes, depreciation, depletion and amortisation, net foreign exchange (losses) gains, other income, interest income, loss on repurchase of bonds, changes in fair value of derivatives and fair value hedges, bargain purchase gain, gain from sale of joint venture, gain on sale of land and oil and gas assets, provisions for impairment, gain on disposal of an associate and gain on sale of available for sale investment. For further discussion of non-GAAP measures, see "*Presentation of Financial and Other Information — Presentation of Financial Information — Non-GAAP Financial Measures*".

The table below shows certain ratios for the Group as at the dates and for the periods stated.

	As at/year ended 31 December		
	2013	**2012**	**2011**
Gross margin[1] (%)	18	29	35
Return on equity[2] (%)	(46)	8	10
Net debt/total capital[3] (%)	82	78	77
EBITDA/net interest[4] (*x*)	2.63	2.61	3.11
Net debt/EBITDA (*x*)	5.78	5.77	5.00

Notes:

(1) Calculated as gross profit divided by total revenue.

(2) Calculated as profit attributable to equity holders of the parent divided by closing equity attributable to equity holders of the parent.

(3) Net debt is calculated as total long-term debt (current and non-current) less cash and cash equivalents. Total capital is calculated as net debt plus equity less changes in the fair value of derivatives.

(4) Net interest comprises finance costs less interest income.

(5) For the definition of EBITDA, see "*Presentation of Financial and Other Information*".

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

The following discussion and analysis should be read in conjunction with the information set out in "Selected Financial and Other Information" and the consolidated financial statements and accompanying notes incorporated by reference in this document. The following discussion contains certain forward-looking statements that involve risks and uncertainties. The Group's future results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, without limitation, those discussed in the sections entitled "Cautionary Statement Regarding Forward-Looking Information", "Risk Factors" and "Description of the Group" elsewhere in this document.

This section presents a discussion and analysis of the Group's audited consolidated financial statements as at and for the years ended 31 December 2013, 2012 and 2011, prepared in accordance with IFRS. See "Presentation of Financial and Other Information" for a discussion of certain restatements, reclassifications and disclosure enhancements that have been made and that affect comparative financial data included in this section.

OVERVIEW

TAQA is the holding company of a diversified international energy group headquartered in Abu Dhabi, United Arab Emirates. The Group's operating business comprises three business streams: the Power and Water business stream, the Oil and Gas business stream and the Energy Solutions business stream, which is currently at an early stage of development. The Group's power and water business includes the ownership and operation of power generation facilities in the Middle East, Africa, India and North America, and water desalination facilities in the UAE. The Group's oil and gas business includes upstream exploration and production and midstream processing, transmission and storage assets in North America, Europe and the Kurdistan Region of Iraq.

The Group's strategy contemplates measured organic growth linked to its existing assets and including the ongoing transfer of developed assets to the Group by its controlling shareholder, ADWEA. In accordance with this strategy, TAQA expects to continue to make acquisitions but on a selective and opportunistic basis to complement its existing businesses. TAQA currently intends to maintain the natural hedge between its power and water and oil and gas businesses, where the power and water business generates long-term contracted stable earnings while the oil and gas business generates more volatile earnings.

For the year ended 31 December 2013, the Group's revenue was AED 25,757 million and it reported a loss of AED 1,768 million. At 31 December 2013, the Group had total assets of AED 121,925 million.

FACTORS AFFECTING RESULTS OF OPERATIONS

The following is a discussion of the principal factors that have affected, or are expected to affect, the Group's results of operations. Certain factors, including a number of significant acquisitions, make direct comparisons between certain of the periods reviewed more difficult.

Significant Acquisitions and Asset Transfers between 1 January 2011 and 31 December 2013

Acquisitions

During 2010, TAQA agreed to purchase an 81% equity share in production licences for two blocks in the Otter field development area in the UK North Sea for AED 183 million. As a result of certain changes in the fair values of assets and liabilities between the agreement date and the legal completion date TAQA received AED 144 million at the completion date. The acquisition took place in two phases. The first phase, comprising a 31% equity interest and operatorship of the field, was completed on 1 July 2011. The second phase, comprising a 50% equity interest, was completed on 24 February 2012. A bargain purchase gain of AED 92 million arose on the second phase of the transaction as a result of the change in fair values between the economic date of the agreement (1 September 2009) and the legal completion date when purchase accounting was applied. On 9 August 2013, TAQA signed a sale and purchase agreement relating to the acquisition of Dana Petroleum (BVUK) Limited's 19% share of the Otter field for AED 24 million. This transaction completed on 23 October 2013. This brings TAQA's total interest in the field to 100%.

On 25 October 2011, TAQA acquired a 19.9% shareholding in WesternZagros Resources Ltd. ("**WesternZagros**"), a company listed on the TSX Venture Exchange of Canada, for AED 163 million. WesternZagros is an international natural resources company engaged in acquiring properties, and exploring for, developing and producing crude oil and natural gas. WesternZagros holds two production sharing contracts with the KRG in the Kurdistan region of Iraq. On 7 August 2012 WesternZagros announced it had signed a strategic investment agreement with Crest Energy International LLC for the latter to purchase through a non-brokered, private placement, 40.7 million common shares in WesternZagros, resulting in a reduction in TAQA's effective shareholding in WesternZagros to 17.96%. Accordingly, a gain on deemed disposal of AED 23 million was recognised in the consolidated income statement. On 5 December 2012, TAQA sold its holding of shares in WesternZagros as this holding was no longer considered strategic in light of TAQA's investment in the Atrush exploration block described below. The sale price was AED 314 million.

On 17 October 2012, the Group completed the acquisition of a package of oil and gas interests in central Alberta, Canada from NuVista Energy Limited (the "**NuVista Interests**") for AED 569 million. The NuVista Interests, which include 45,700 hectares of land rights and approximately 5,800 boe/d of natural gas production rich in high value liquids, are located adjacent to existing assets of the Group. The NuVista Assets also include processing and pipeline capacity, allowing TAQA to access additional capacity and to benefit from lower fees as a result of being an owner rather than a third party. A bargain purchase gain of AED 108 million arose on the transaction as a result of the fair value of the net assets acquired exceeding the purchase consideration paid. The results of operations of the NuVista Interests have been included in the Group's financial statements for 2012 from the effective date of acquisition (being 17 October 2012) and for subsequent periods, but not for any prior periods.

On 31 December 2012, the Group completed the acquisition of a 53.2% undivided participating interest in the Atrush exploration block in the Kurdistan Region of Iraq from General Exploration Partners, Inc., an affiliate of Aspect Holdings, LLC. The acquisition price was AED 2.2 billion including acquisition fees. The cost of the acquisition was recognised as exploration and evaluation assets in the Group's 2012 Financial Statements. The KRG has since exercised its option of participation in the Atrush exploration block, for a participating interest of 25%, resulting in a pro-rata decrease in the Group's and its partners' respective participating interests. The Group's participating interest following the completion of the KRG's exercise of its option may decline to a minimum of 39.9%. Negotiations are ongoing with the KRG for the Group to increase its participating interest to up to 44.9%, but there can be no assurance that these negotiations will be successful. A transfer of AED 7 million from the exploration and evaluation assets held to a receivables account has been reflected in the Group's 2013 Financial Statements for the reimbursement of petroleum costs by the KRG.

In December 2012, TAQA acquired a controlling interest in HSPL, the developer of a 100MW hydroelectric plant in the northern Indian state of Himachal Pradesh. Construction of the Sorang hydroelectric project is still in progress and the plant is expected to begin operations in 2014. It will be powered by the Sorang Khad, a river originating in the Himalayas, and will supply electricity to the northern states of India, a region currently facing power shortages.

On 1 June 2013, the Group completed the acquisition of certain UK North Sea oil and gas assets from BP (the "**BP Assets**"). The acquisition consisted of a 70% operated interest in the Harding and Morrone fields, a 37.04% operated interest in the Maclure field and an 88.7% operated interest in the Devenick field, all of which are located in the central part of the UK North Sea. TAQA also increased its non-operated interests in the Brae area and associated transport infrastructure, including a 14% interest in the SAGE gas pipeline. The total value of the transaction was AED 3.2 billion, including tax allowances, based on an effective date for the acquisition of 1 January 2012 (except for Devenick, where the effective date was 1 January 2013). TAQA has also entered into an agreement to share net cash flows from the Devenick field area with BP. The acquisition has increased TAQA's net production by approximately 21,000 boe/d and added a second major development hub to TAQA's UK North Sea business. The acquisition generated AED 94 million in non-tax deductible goodwill attributable to the recognition of deferred tax liabilities on acquisition and a bargain purchase gain of AED 49 million as a result of a change in fair values between the economic date of the agreement (28 November 2012) and the legal completion date when purchase accounting was applied. The results of operations of the BP Assets have been included in the Group's financial statements for 2013 from the transaction completion date (being 1 June 2013 for all of the assets except the Devenick field and 28 June 2013 for the Devenick field) and for subsequent periods, but not for any prior periods.

On 9 July 2013, the Group acquired a 50% interest in LWP Lessee, LLC, which leases the 205.5MW Lakefield operating wind farm located in Minnesota (USA), from a subsidiary of Eléctricité de France ("**EDF**"). Marubeni Corporation holds the remaining 50% interest. TAQA and Marubeni Corporation jointly control the investment and have equal rights to the net assets.

On 11 November 2013, TAQA reached an agreement with a Danish pension fund, PensionDanmark, to sell its stake in the Noordgastransport B.V. natural gas pipeline in the Netherlands ("**Noordgastransport**"). The transaction closed on 30 December 2013. The proceeds from the sale were AED 814 million and were used to pay down debt.

Additional information relating to acquisitions and asset transfers

The table below sets out certain information regarding most of the acquisitions and asset transfers described above that had been completed at 31 December 2013. All of the entities listed below are fully consolidated, except for WesternZagros (which was sold in the first quarter of 2011) and Sohar Aluminium and LWP Lessee, LLP (which are equity accounted). For further details concerning the Group's acquisitions, asset transfers and related financing issues, see "— *Liquidity and Capital Resources*".

Acquired Entity or Assets	Date of Acquisition	Percentage Acquired	Percentage Held at 31 December 2013	Cost of Acquisition	Goodwill Arising on Acquisition
		(%)		*(AED million)*	
Oil and Gas					
Otter (phase 1)	July 2011	31	100	(58)	—
Otter (phase 2)	February 2012	50	100	(86)	(92)[2]
Otter (phase 3)	October 2013	19	100	24	25
WesternZagros[3]	October 2011	19.9	—	163	—
NuVista Interests	October 2012	—	—	569	(108)[1]
Atrush	December 2012	—	—	2,220	—
BP Assets (excluding Devenick field)	June 2013	—	—	3,244	94[4]
Devenick field	June 2013	88.7	88.7	(29)	(49)[5]
Power and Water					
HSPL	December 2012	84[6]	84[6]	199	—
LWP Lessee, LLC	July 2013	50	50	125	—

Notes:

(1) The Group recorded a bargain purchase gain, reflecting the fact that the purchase price paid was less than the fair value of the assets acquired.

(2) The Group recorded a bargain purchase gain as a result of the change in fair values between the economic date of the agreement (1 September 2009) and the legal completion dates when purchase accounting was applied.

(3) The Group sold this interest on 5 December 2012.

(4) Non-tax deductible goodwill attributable to the recognition of deferred tax liabilities on acquisition.

(5) The Group recorded a bargain purchase gain as a result of the change in fair values between the economic date of the agreement (28 November 2012) and the legal completion date when purchase accounting was applied.

(6) Comprising a combination of a 5% shareholding and fully convertible debentures issued by HSPL.

These acquisitions have affected the Group's business and, as a result, its results of operations for each year under review are not directly comparable. In addition, the Group's results for future periods may not be directly comparable to its results for the same periods in prior years. The Group's financial condition and results of operations in future periods will be affected by, among other things, the completion of announced acquisitions, a change in its business mix, any impairment of goodwill or of property, plant and equipment, and increased leverage as a result of financing its acquisitions.

- *Change in business mix*: Since its establishment, the Group's business has developed from electricity generation and water desalination in the UAE to an international business operating in the upstream and midstream oil and gas sector and the power generation sector. As a result, its results of operations have become more volatile (reflecting the increasing effect of international crude oil and natural gas prices on the Group's business) and its expansion into the oil and gas business has resulted in increased capital expenditure requirements.

- *Impairment of goodwill*: In connection with the acquisitions made by the Group, the excess of the purchase price over the fair market value of the net identifiable assets, if any, has been recorded as goodwill. Goodwill on acquisition is initially measured at cost and reviewed for impairment on an annual basis in accordance with International Accounting Standard 36. For the purpose of impairment testing, goodwill acquired in a business combination is assessed for impairment at the operating segment level as this represents the lowest level at which goodwill is monitored. While the goodwill is supported by the cash flow and synergies arising from the acquisition, a significant change in the key economic assumptions of the acquired businesses could result in an impairment charge in the future. For the year ended 31 December 2013, the Group recorded a goodwill impairment of AED 1,598 million relating to its oil and gas properties which had been acquired in earlier years, which was largely driven by the decline in reserves under a low gas price environment.

- *Impairment of plant, property and equipment*. The Group's impairment testing for non-financial assets is most sensitive to price assumptions, foreign exchange rate assumptions and discount rates used in the cash flow models. The Group's expansion into North America through its holdings in TAQA North have exposed it to extreme volatility for natural gas prices in North America, which in 2013 have led to a revision of its long-term assumptions for natural gas prices in North America. The Group believes this to be in line with recent write-downs by other natural gas producers in the region. As a result, it has recorded impairments in relation to its oil and gas properties in each of the three years ended 31 December 2013, see "— *Years ended 31 December 2013, 2012 and 2011 Compared — Cost of Sales — Oil and Gas*", including an impairment of plant, property and equipment of AED 1,733 million in the year ended 31 December 2013 relating to assets held by TAQA North.
- *Increased leverage*: The acquisitions made by TAQA have been primarily funded by borrowings. Reflecting the cash flow generated by the acquired businesses, the Group's interest coverage ratio (calculated as EBITDA divided by net interest) was 3.1 at 31 December 2011, 2.6 at 31 December 2012 and 2.6 at 31 December 2013, in each case, principally as a result of the effect on its operating profit of changes in crude oil and natural gas prices. The cash flow generated by the Group's oil and gas operations is partly dependent on a minimum level of maintenance capital expenditure, although the Group has some flexibility in the timing of these expenditures.

Factors Affecting the Group's Revenue

TAQA generates its revenue primarily from its Power and Water and Oil and Gas businesses operating in the Middle East, India, Africa, North America and Europe. The most significant factors affecting the Group's revenue and results of operations are its ability to make available power generation and water desalination capacity and the prices obtained for its crude oil and natural gas production. The Group's revenue is derived principally from the sale of power and desalinated water capacity under its PWPAs and PPAs and the sale of crude oil and natural gas production.

Power and water sales revenue

Each of TAQA's eight UAE generation subsidiaries has entered into a PWPA with ADWEC. Under the PWPAs, each operating subsidiary undertakes to make available, and ADWEC undertakes to purchase, for the duration of the PWPA, the available net capacity of the plants owned by the respective operating subsidiaries in accordance with the terms and conditions set out in the relevant PWPA. Under each PWPA, the tariff has been structured such that revenue of each UAE generation subsidiary is expected to exceed its operating, maintenance and capital expenses by a margin intended to allow for debt service and to provide the owners of the plant with an agreed rate of return on their investment.

Payments under the PWPAs consist, broadly, of capacity payments and payments for operating and maintenance expenses that are passed through to ADWEC. ADWEC is obliged to supply natural gas (which is the primary source fuel) free of cost to each UAE generation subsidiary. In addition, the PWPAs contain a mechanism whereby the cost of procuring back-up fuel in the case where ADWEC has failed to supply sufficient natural gas is passed on to ADWEC. Capacity payments are determined and invoiced on a monthly basis. Capacity payments are increased or decreased to the extent that an operating subsidiary achieves power or water availability ratings which are above or below contracted targets. The effect of these adjustments is amplified during the summer period (defined as the period from 1 April to 31 October in each year) by a multiplication factor. Capacity payments are also calculated by reference to, among other things, a plant's thermal, or energy conversion, efficiency. Revenue broadly increases to the extent that the plant is able to achieve contracted availability with less than the corresponding contracted amount of fuel.

As a result of the number of factors that determine the calculation of the tariff in respect of any particular month, there is no strict correlation between the annualised figures for power and water availability and the actual amount of revenue of an operating subsidiary. For example, reduced availability during the winter period will have less impact on annual revenue than if the same reduced availability had occurred during summer. Moreover, as reduced availability will also, in some circumstances, lead to a reduction in operating and maintenance expenses, the impact on an operating subsidiary's operating profit caused by reduced availability may be partially offset by a reduction in operating costs.

TAQA's generation subsidiaries in Morocco, Ghana and India have each entered into a long-term PPA with a government-controlled entity in their respective jurisdictions of operation. These entities are the Office National de l'Electricité et de l'Eau Potable ("**ONEE**") in the case of Jorf Lasfar in Morocco, the Volta River Authority in the case of Takoradi in Ghana and Tamil Nadu Generation and Distribution Corporation Limited ("**TANGEDCO**") in the case of Neyveli in India. Under their respective PPAs, each subsidiary undertakes to make available, and the respective off-takers undertake to purchase, for the duration of the PPA, the available net capacity of the plants in accordance with the terms and conditions set out in the relevant PPA. Under each PPA, the tariff has been structured such that expected revenue exceeds costs by a margin intended to allow for debt service and to provide the owners of the plants with an agreed rate of return on their investment.

These PPAs provide for capacity payments and for payments for fixed and variable and operating maintenance costs which are passed through to the respective off-takers. Capacity payments are affected by adjustments to capital costs and are increased or decreased to the extent that an operating subsidiary achieves availability ratings which are above or below contracted targets and energy payments.

TAQA Gen-X LP ("**TAQA Gen-X**"), which is 85% owned by TAQA, holds a 100% interest in a tolling agreement in relation to a power generation plant located in New Jersey in the United States of America (the "**Red Oak Tolling Agreement**"), under which TAQA Gen-X is entitled to the economic rights (including revenue from the sale of electricity, capacity payments and payments for other ancillary services) related to the power plant and is obliged to supply fuel and also to make certain fixed and variable payments to the operator.

Power and Water production

The Group's revenue from power and water production is principally affected by net available capacity made available to the off-taker. Tariffs for power and water generation are set in the PWPAs and PPAs entered into by each of the Group's generation subsidiaries, and in the Red Oak Tolling Agreement in the case of TAQA Gen-X.

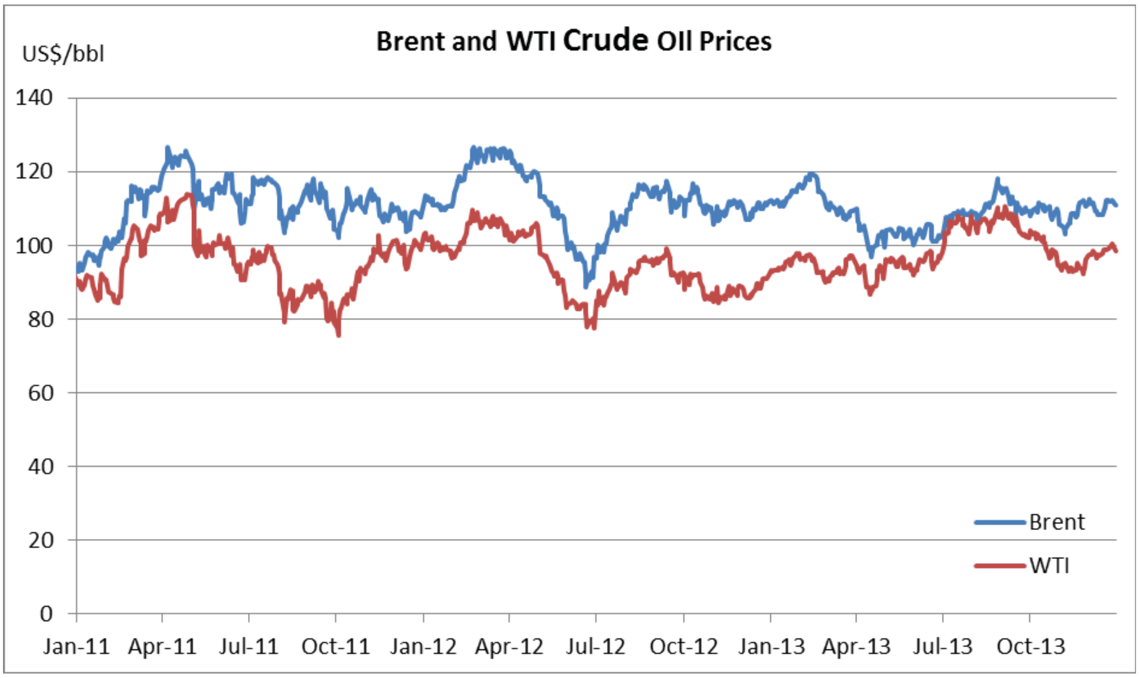
The table below shows TAQA's power generation and water desalination production, as well as the average technical availability of its plants, for each of 2013, 2012 and 2011.

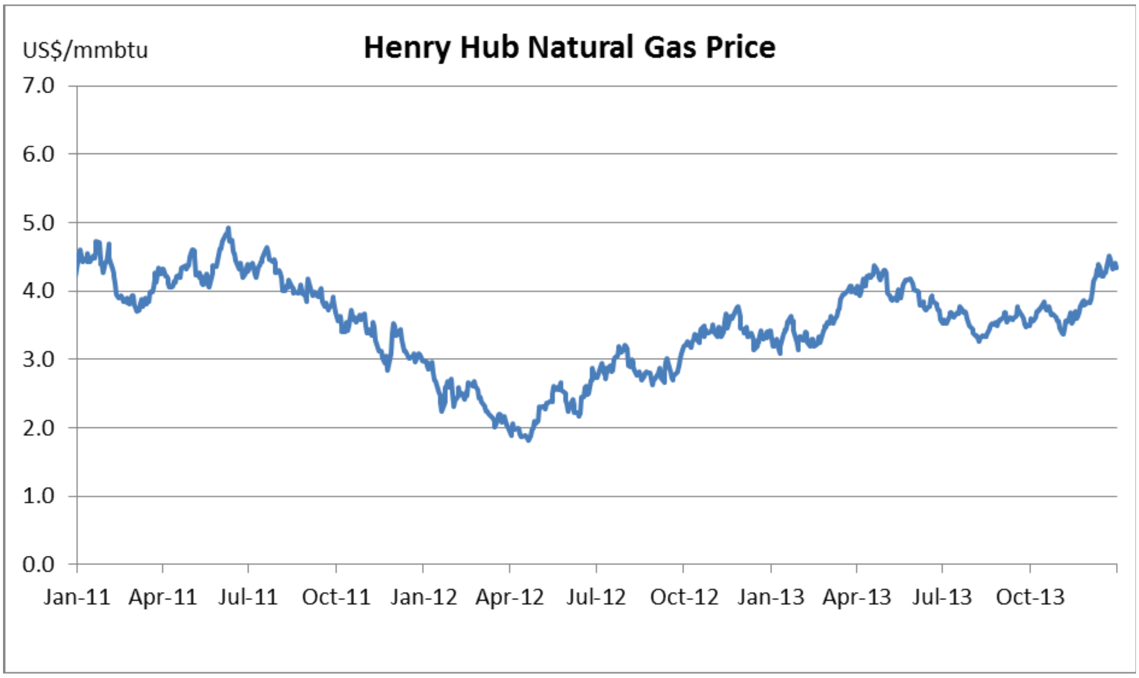
	Year ended 31 December		
	2013	**2012**	**2011**
UAE generation plants			
Power generation (*GWh*)	58,627	52,275	48,087
Water desalination (*MIG*)	253,419	240,801	220,530
Technical availability	92.2%	95.2%	93.0%
International generation plants			
Power generation (*GWh*)	18,085	19,849	19,303
Technical availability	89.3%	91.4%	90.3%

Oil and gas sales revenue

The Group's revenue from the sale of crude oil and natural gas produced by it is principally affected by changes in the prices it is able to achieve, which in turn principally depend upon prevailing market reference prices at the time of sale and, to a lesser extent, changes in its production volumes. Prevailing market reference prices are driven principally by changes in international supply and by demand for crude oil and natural gas products.

Crude oil and natural gas prices have been volatile in the years under review. The charts below show the price trend for both Brent crude oil (which is the industry reference price for the Group's UK North sea crude oil and natural gas liquids production and its Netherlands crude oil production) and West Texas Intermediate ("**WTI**") crude oil (which is the industry reference price for the Group's North American crude oil and natural gas liquids production) between 1 January 2011 and 31 December 2013 and the price trend for Henry Hub natural gas (which is the industry reference price for the Group's North American natural gas production) over the same period.





Average realised prices

The table below shows TAQA's average realised prices for crude oil, natural gas liquids and natural gas for each of the years ended 31 December 2013, 2012 and 2011. The averages are calculated by dividing the gross realised revenue in U.S. dollars by the corresponding sales volume in each period.

	Year ended 31 December		
	2013	**2012**	**2011**
	(U.S.$/boe for crude oil, natural gas liquids and the overall average realised price and U.S.$/mmbtu for natural gas)		
Crude oil			
North America average	79.05	77.36	86.11
UK North Sea average	110.06	111.88	112.18
The Netherlands average	97.10	104.26	98.97
Total crude oil average	**100.72**	**101.84**	**102.95**
Natural gas liquids			
North America average	58.88	61.31	71.95
UK North Sea average	63.38	69.59	68.64
Total natural gas liquids average	**59.19**	**61.75**	**71.80**
Natural gas			
North America average	3.36	2.65	4.02
UK North Sea average	10.36	10.40	9.28
The Netherlands average	11.26	10.63	10.63
Total natural gas average	**4.61**	**3.62**	**4.84**
Overall average realised price	**60.68**	**60.62**	**64.59**

TAQA's realised prices for its crude oil, natural gas liquids and natural gas production are principally related to industry reference prices, including the WTI price, the Brent price and Henry Hub prices as discussed above and National Balancing Point ("**NBP**") prices for its UK North Sea natural gas production and to NIP prices for its Netherlands natural gas production, see "*Summary of Material Agreements — Summary of Principal Oil and Gas Agreements — Gas Sales and Gas Storage Agreements (The Netherlands)*" for a description of NIP prices. The realised price for its North American crude oil is generally lower than the benchmark WTI price due to adjustments for the quality of the crude oil and inherent transportation costs.

The table below shows average industry reference prices for crude oil, natural gas liquids and natural gas for each of 2013, 2012 and 2011.

	Year ended 31 December		
	2013	**2012**	**2011**
		(U.S.$/barrel)	
Crude oil			
WTI	98.01	94.10	95.11
Brent	108.79	111.99	110.91
		(U.S$/mmbtu)	
Natural gas			
Henry Hub	3.72	2.75	4.03

Source: Bloomberg

The Board of Directors of TAQA approved a commodity hedging policy in the summer of 2010, which authorised management to enter into financial derivative contracts to manage the Group's exposure to commodity price volatility. TAQA North was the only Group company to implement a hedging programme and, in the second quarter of 2012, the commodity hedging programme was suspended. However, the Group continues to monitor the commodity market for short-term risk mitigation opportunities. See " — *Primary Risks — Commodity Price Risk*". In the year ended 31 December 2013, the net realised and unrealised loss recognised in the income statement in relation to these instruments was AED 4 million (as compared with a gain of AED 22 million in 2012 and a gain of AED 12 million in 2011), and there was no impact on the statement of comprehensive income (as compared with a gain of AED 14 million in 2012 and a gain of AED 6 million in 2011).

Netback Analysis

The table below shows the average operating netback (being the gross average realised price less any royalties and operating costs for the relevant company's total production of crude oil, natural gas liquids and natural gas) per barrel of oil equivalent for each of TAQA North, TAQA Bratani and TAQA Energy for each of 2013, 2012 and 2011.

	Year ended 31 December		
	2013	**2012**	**2011**
		(U.S.$/boe)	
TAQA North			
Gross average realised price	36.97	34.44	44.19
Royalties	(5.06)	(5.51)	(7.54)
Net average realised sales price	31.91	28.93	36.65
Operating costs	(11.46)	(11.50)	(11.49)
TAQA North operating netback	20.45	17.43	25.16
TAQA Bratani			
Gross average realised price	103.82	109.28	108.41
Royalties(1)	—	—	—
Net average realised sales price	103.82	109.28	108.41
Operating costs	(43.50)	(34.14)	(29.10)
TAQA Bratani operating netback	60.31	75.14	79.31
TAQA Energy			
Gross average realised price	72.37	70.31	70.73
Royalties(1)	(4.19)	(4.02)	(1.25)
Net average realised sales price	68.18	66.29	69.48
Operating costs	(18.52)	(18.59)	(15.61)
TAQA Energy operating netback	49.67	47.70	53.87

Note:

(1) No oil and gas royalties are levied in the United Kingdom and only limited royalties are levied in The Netherlands. However, both jurisdictions levy specific oil and gas-related taxes which are accounted for as a tax expense.

Average daily production

The table below shows TAQA's average daily production of crude oil, natural gas liquids and natural gas for each of 2013, 2012 and 2011.

	Year ended 31 December		
	2013	**2012**	**2011**
	(mboeld for crude oil and natural gas liquids and mmcfld for natural gas)		
Crude oil			
North America	16.9	17.5	20.0
UK North Sea	41.3	39.3	40.4
The Netherlands	1.1	1.2	1.5
Total crude oil	**59.3**	**58.0**	**61.7**
Natural gas liquids			
North America	12.1	11.4	11.0
UK North Sea	0.8	0.7	0.5
The Netherlands	—	—	—
Total natural gas liquids	**12.9**	**12.1**	**11.5**
Natural gas			
North America	348.3	342.3	342.4
UK North Sea	29.3	10.8	12.3
The Netherlands	42.1	39.1	39.8
Total natural gas	**419.7**	**392.2**	**394.5**
Total production *(mboeld)*	**142.2**	**135.4**	**139.1**

Note:

(1) Production at the Group's Cormorant Alpha platform was adversely affected by shut-ins following the detection of leaks on 14 January 2013 and 2 March 2013. See "*— Health, Safety, Security, Environmental Regulations and Compliance — Significant Recent HSSE Events*".

Taxation

In each of 2011 and 2012, the Group was subject to material tax changes imposed by the UK government that have had a significant impact on its results of operations. In March 2011, the UK government increased the rate of supplementary charge to corporation tax on UK oil and gas production activities from 20% to 32%, resulting in a U.S.$24 million deferred tax expense being recognised by the Group in 2011. In July 2012, the UK government passed legislation to restrict tax relief available for decommissioning expenditures from 62% to 50%. As a result, the Group recognised a further deferred tax adjustment of U.S.$74 million in the third quarter of 2012, see "*Risk Factors — Factors that may Affect TAQA's Ability to Fulfil its Obligations under Notes Issued under the Programme — Risks Relating to the Group's Business Generally — The Group's operations are subject to stringent regulation in all the jurisdictions in which it operates and changes in law and regulation may adversely affect the Group*".

The tax changes introduced by the UK government which are discussed above are expected to cost the Group an amount equivalent to up to 9% of the pre-tax income of TAQA Bratani on an ongoing basis. The UK government has also introduced certain allowances for marginal fields which need to meet set criteria. The Group has identified a limited number of marginal fields which are expected to qualify for these allowances and the Group expects to realise additional net income of U.S.$75 million over the next five years in respect of these allowances.

Capital Expenditures

The Group's results of operations can be adversely affected by the level of capital expenditures that it is required to make. Capital expenditures are funded from cash flow from operations and, when considered appropriate, from external financing. The ability to make significant capital expenditures in the future may be limited by the Group's ability to obtain external financing.

The Group's current capital expenditures are primarily for exploration and development (including acquisitions) of oil and gas reserves (principally in North America), the development of gas storage facilities in The Netherlands and the expansion of international power generation facilities. The Group generally does not incur material capital expenditure costs in relation to its UAE power and water generation plants as this cost was principally incurred by ADWEA before the plants were transferred to the Group see, "*Description of the Group — History*". Capital expenditure in each period generally results in increased depreciation in future periods as a result of an increased depreciable asset base and, to the extent that the capital expenditure has been financed by external borrowing, in increased finance costs in future periods, see "*— Liquidity and Capital Resources — Capital Commitments — Capital expenditure*" for a discussion of the Group's committed capital expenditure at 31 December 2013.

Exchange Rates

The Group is exposed to currency transaction risks and currency translation risks in respect of its operations conducted in currencies other than the UAE dirham, its functional and reporting currency. The Group is subject to currency transaction risks when its revenue and costs are denominated in different currencies. For example, the revenue of the Group's oil and gas sales is primarily denominated in U.S. dollars, whereas part of its oil and gas expenses are denominated in euro, Canadian dollars and pounds sterling. In the Group's power and water operations outside the UAE, currency mismatches may arise if financing is denominated in a currency other than that of the revenue generated by the plant, as is currently the case in Morocco. In addition, financing for the operations of a Group company may be in a currency other than that company's functional currency, depending on market prices at the time. TAQA attempts to hedge against currency transaction risk primarily by matching revenue and costs in the same currency and, to a lesser extent, by entering into hedging transactions.

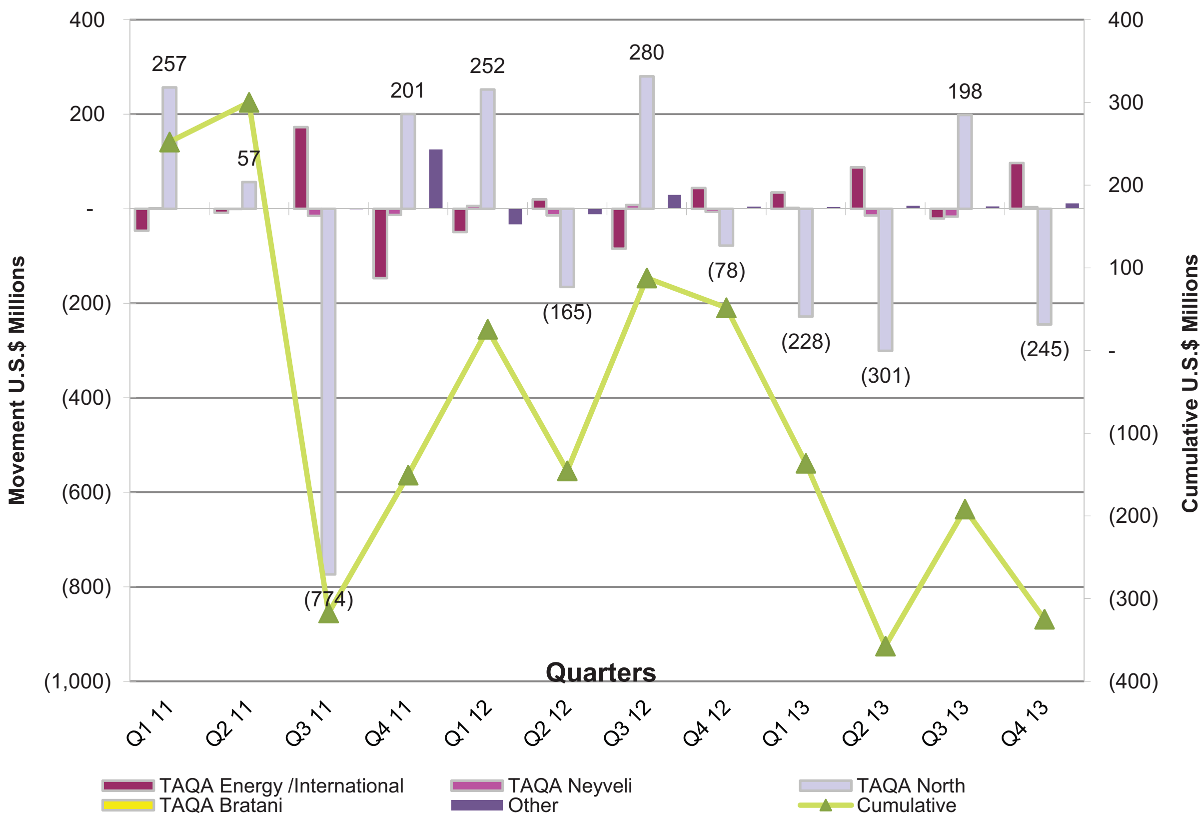
In addition, the Group is subject to currency translation risk in that the results of each of its operating companies are reported in the operating currency of the jurisdiction in which that company primarily operates. These amounts, if not reported in UAE dirham, are then translated into UAE dirhams for inclusion in the Group's consolidated financial statements.

Accordingly, currency transaction and currency translation risks may significantly impact the Group's financial results in the future from period to period and affect their comparability. The chart below shows the currency translation movement by principal business and cumulatively for each quarter from the first quarter of 2011 to the fourth quarter of 2013. As indicated in the chart below, TAQA's major currency translation movements over the period have occurred in TAQA North, which had the Canadian dollar as its functional currency in the period up to 31 December 2013.

In 2011, the Canadian dollar weakened significantly against the UAE dirham in the third quarter, giving rise to an overall currency translation loss in that year. In 2012, the Canadian dollar generally appreciated against the UAE dirham, giving rise to a currency translation gain in the year. In the year ended 31 December 2013, the Canadian dollar weakened against the UAE dirham, giving rise to a currency translation loss in that period.

As of 1 January 2014, reflecting the fact that its long-term funding had ceased to be predominantly denominated in Canadian dollars, TAQA North changed its functional currency to U.S. dollars in accordance with IAS 21. See "*Presentation of Financial and Other Information — Presentation of Financial Information*".

Currency Translation Movement



Seasonality of Operations

The Group's operations experience a degree of seasonality, driven principally by climatic conditions in the respective regions of operations. Due to high demand for natural gas in Canada, Europe and the United Kingdom in the winter period, higher revenue and operating profits are usually recorded from oil and gas operations in the first and fourth quarters of the year compared to the second and third quarters of the year. Due to higher electricity demand in the summer period in the UAE, higher revenue and operating profits are usually recorded for UAE generation subsidiaries in the second and third quarters of the year compared to the first and fourth quarters of the year.

RECENT DEVELOPMENTS

On 1 March 2014, a consortium led by TAQA India Power Ventures Private Limited ("**TAQA India**") entered into an agreement with Jaiprakash Power Ventures Limited ("**JPVL**") for the acquisition of the Baspa Stage II and Karcham Wangtoo hydroelectric plants located in the State of Himachal Pradesh, India. Under the terms of the acquisition agreement, JPVL will transfer the Baspa Stage II and Karcham Wangtoo hydroelectric plants as going concerns to two special purpose companies (along with the associated non-recourse project debt) and the consortium will thereafter purchase the entire issued share capital of the special purpose companies. The total investment by the consortium will amount to approximately AED 2.5 billion. TAQA India holds a 51% interest in the consortium and the remaining stake will be held by one of Canada's largest institutional investors (39%) and IDFC Alternatives' India Infrastructure Fund II (10%). The acquisition is expected to close in 2014 and is subject to certain conditions precedent, including regulatory and third-party approvals.

SIGNIFICANT ACCOUNTING POLICIES

The Group's significant accounting policies are summarised in Note 2.5 to its 2013 Financial Statements and certain of these accounting policies are described below.

Revenue Recognition

Power and Water

Under the Group's PWPAs, the generating subsidiaries receive payments for the provision of power and water capacity (whether or not the off-taker requests power or water output) and for the variable costs of production. As TAQA has determined that the PWPAs are lease arrangements and that, based on the contractual arrangements in place, its generation subsidiaries retain the principal risks and rewards of ownership of the plants, the PWPAs are accounted for as operating leases.

Under the Group's PPAs, the generating subsidiaries undertake to make available, and the off-takers undertake to purchase, the available net capacity of the plants for a period of time in accordance with various agreed terms and conditions as specified in the PPAs. In each case, TAQA has determined that the PPAs are service concession arrangements and the PPAs are therefore accounted for in this manner.

Power and water revenue is recognised as follows:

- where TAQA determines that the relevant contract meets the financial asset model for service concession arrangements (as is the case with the PPAs), consideration receivable is allocated by reference to the relative fair values of the services delivered. Construction revenue is recognised commensurate with completion of construction when the outcome of the contract can be estimated reliably by reference to the stage of completion; operating revenue is recognised as the service is provided and finance revenue is recognised using the effective interest rate method on the financial asset;
- where TAQA determines that the relevant contract contains an operating lease (as is the case with the PWPAs), capacity payments are recognised as operating lease rental revenue on a systematic basis to the extent that capacity has been made available to the off-taker during the year;
- revenue under the Red Oak Tolling Agreement is recognised as revenue when the power is delivered;
- fuel revenue is recognised as and when amounts are received from the off-takers towards fuel consumed in the production of power and water. In the case of power generation and water desalination in the UAE, fuel revenue arises only when the plants have to use back-up fuel for production since generally fuel is provided free of cost in accordance with the terms of the PWPA. In other cases, the receipt of fuel revenue is based on the terms of the PPA and accounted accordingly; and
- energy and water payments are recognised as revenue when the contracted power and water is delivered to the off-taker.

Oil and gas

Revenue from the sale of crude oil and natural gas is recognised when the significant risks and rewards of ownership are transferred to the buyer. This generally occurs when the product is physically transferred into a delivery mechanism such as a vessel or a pipeline. Oil and gas revenue is stated net of sales taxes, royalties and other similar levies.

The income from natural gas storage, processing and transport is recognised when the service is provided and accepted by customers.

Liquidated damages

Liquidated damages entitlements in respect of loss of revenue due to late commissioning are included in revenue net of liquidated damages payable to the off-taker when the right to receive liquidated damages is established.

Oil and Gas Accounting

Exploration and evaluation costs

Pre-licence costs and geological and geophysical exploration costs incurred prior to obtaining the rights to explore are recognised in the income statement when incurred. Exploration licences are recognised as an exploration and evaluation ("**E&E**") asset. The cost of such a licence includes the directly attributable costs of its acquisition. Examples of such costs may include non-refundable taxes and professional and legal costs incurred in obtaining the licence. Costs incurred after the rights to explore have been obtained, such as geological and geophysical costs, drilling costs, appraisal and development study costs and other directly attributable costs of exploration and evaluation activity, including technical and administrative costs for each exploration asset, are capitalised as intangible E&E assets. E&E costs are not amortised prior to the conclusion of appraisal activities.

At completion of appraisal activities if technical feasibility is demonstrated and commercial reserves are discovered, following development sanction, the carrying value of the relevant E&E asset is reclassified as a development and production asset. This category reclassification is only performed after the carrying value of the relevant E&E asset has been assessed for impairment and, where appropriate, its carrying value adjusted. If commercial reserves are not discovered at the completion of appraisal activity of each asset and TAQA does not expect to derive any future economic benefits, the E&E asset is written off to the income statement.

Development costs

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

Oil and gas joint ventures

Certain of the Group's activities in the oil and gas segment are conducted through joint ventures where the venturers have a direct ownership interest in and jointly control the underlying assets of the venture. The Group accounts for its share of the jointly controlled assets, any liabilities it has incurred, its share of any liabilities jointly incurred with other ventures, income from the sale or use of its share of the joint venture's output, together with its share of the expenses incurred by the joint venture, and any expenses it incurs in relation to its interest in the joint venture.

In relation to these joint ventures, it is often not practical for each participant to take in kind or to sell its exact share of production during a period. In most periods some participants in the joint venture will be in an overlift position (i.e. they will have taken more product than their proportionate entitlement) while other participants may be in an underlift position (i.e. they will have taken less product than their proportionate entitlement).

Under the entitlements method of accounting, net revenue reflects the participant's share of production regardless of which participant has actually made the sale and invoiced the production. This is achieved by adjusting costs of sales, which are adjusted to take account of an asset or liability that reflects the lifting imbalance. If the adjustments are recorded at the market value of the product then it results in recognition of gross profit on an entitlements basis, while at the same time permitting revenue to be shown at the actual invoiced amount.

Depreciation

TAQA determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset and physical wear and tear. The residual value and useful lives are reviewed annually and the future depreciation charge is adjusted where it is believed that the useful lives differ from previous estimates. Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Oil and gas properties are depreciated on a unit-of-production basis over the proved and probable reserves of the field concerned. The unit-of-production rate for the amortisation of field development costs takes into account expenditures incurred to date, together with estimated future development expenditure. Depreciation on oil and gas properties does not commence until the commencement of production from the property.

For other assets, depreciation is calculated on a straight line basis over the estimated useful life of the assets — as follows:

Buildings	20 to 40 years
Plant and Machinery	3 to 40 years (with 0 to 10% estimated residual value).

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and, where carrying values exceed their estimated recoverable amount, assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use. Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the related item of property, plant and equipment. The cost of spare parts held as essential for the continuity of operations and which are designated as strategic spares are depreciated on a straight line basis over the estimated remaining operating life of the plant and equipment to which they relate. Spare parts used for normal repairs and maintenance are expensed when issued.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year the asset is derecognised.

Provisions

General

Provisions are recognised when TAQA has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where TAQA expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects 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 recognised as a finance cost.

Asset retirement obligations/decommissioning liability

Some Group companies have legal obligations in respect of site restoration and abandonment of their power generation and water desalination asset and oil and gas properties at the end of their useful lives (i.e., decommissioning costs). TAQA records a provision for the site restoration and abandonment based upon estimated costs at the end of their useful lives. Accordingly, a corresponding asset is recognised in property, plant and equipment which is subsequently depreciated during the useful life of the assets concerned. Decommissioning costs are recorded at the present value of expected costs to settle the obligations using estimated cash flows and an appropriate discount rate specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the consolidated income statement as a finance cost. The estimated future costs of the asset retirement obligation are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. Note 33 to the 2013 Financial Statements provides details of the Group's asset retirement obligations at 31 December 2013.

Production bonuses

TAQA's production sharing contract contains a legal obligation for production bonuses to be paid to the KRG when certain production targets are achieved. TAQA records a provision for these bonuses when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. This is assessed based on TAQA's share of proved and probable reserves under the production sharing contract.

Derivatives

TAQA uses derivative financial instruments such as forward currency and interest rate swaps and forward commodity contracts to hedge its risks associated with foreign currency and interest rate fluctuations and its commodity price risks, respectively. In addition, TAQA Gen-X uses futures and options to manage its exposure under the Red Oak Tolling Agreement. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year are taken directly to the consolidated income statement, except for the effective portion of cash flow hedges which is recognised in other comprehensive income, and later reclassified to the consolidated income statement when the hedged item affects profit or loss.

The fair value of forward currency contracts is the difference between the forward exchange rate and the contract rate. The forward exchange rate is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flow that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, TAQA formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flow attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flow and are assessed on an ongoing basis to determine that they actually have been effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the consolidated income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the consolidated income statement. For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the consolidated income statement over the remaining term to maturity. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the consolidated income statement. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the consolidated income statement. Until 30 July 2013, certain hedging arrangements entered into by TAQA Gen-X were classified as fair value hedges, see "— *Primary Risks — Commodity Price Risk*". Since that date, hedge accounting has been discontinued, although it may be reinstated in future periods if and to the extent that the criteria for hedge accounting are then met.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated income statement in other operating expenses. Amounts recognised as other comprehensive income are transferred to the consolidated income statement when the hedged transaction affects profit or loss, for example when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability. If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is transferred to the consolidated income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment occurs. Certain hedging arrangements entered into by Group companies (including those entered into by TAQA North) are classified as cash flow hedges, see "— *Primary Risks — Commodity Price Risk*".

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the consolidated income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in other comprehensive income is transferred to the consolidated income statement.

Further information in relation to the Group's outstanding derivative contracts at 31 December 2013 is set out in Note 41 to the 2013 Financial Statements.

Foreign Currency Translation

The Group's consolidated financial statements are presented in UAE dirham, which is the Group's presentation currency. Each Group company determines its own functional currency and items included in the financial statements of that company are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated income statement with the exception of differences on foreign currency borrowings that provide an effective hedge against a net investment in a foreign entity. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the consolidated income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On consolidation, the assets and liabilities of foreign operations are translated into UAE dirham at the rate of exchange in effect at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated income statement.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree, measured either (i) at fair value or (ii) at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets acquired, the difference is recognised directly in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Impairment of Financial and Non-Financial Assets

TAQA assesses at each reporting date whether there is any indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, TAQA estimates the recoverable amount of the asset concerned. If the carrying value of the asset exceeds its recoverable amount it is considered to be impaired and is written down to the recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal (determined on the basis of recent comparable market transactions or, if none, using an appropriate valuation model) and its value in use (being the estimated future cash flow discounted using an appropriate discount rate).

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment on an annual basis at the reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the group of cash generating units, to which the goodwill is allocated. When the recoverable amount of the group of cash generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Where applicable, for the purposes of testing goodwill for impairment, any of the related deferred tax liabilities recognised on acquisition that, led to the creation of goodwill, and remain at the reporting date as estimated by the management are treated as part of the relevant group of cash generating units.

E&E costs

An impairment review is performed if and when facts and circumstances indicate that the carrying amount of an E&E asset may exceed its recoverable amount. For the purpose of E&E asset impairment testing, cash generating units are grouped at the operating segment level. An impairment test performed in the E&E phase therefore involves grouping all E&E assets within the relevant segment with the development & production (D&P) assets belonging to the same segment. The combined segment carrying amount is compared to the combined segment recoverable amount and any resulting impairment loss identified within the E&E asset is written off to the consolidated income statement. The recoverable amount of the segment is determined as the higher of its fair value less costs to sell and its value in use.

TAQA has made impairments (and reversed certain impairments) to its oil and gas properties in each of 2013, 2012 and 2011, see "*— Years ended 31 December 2013, 2012 and 2011 Compared — Cost of Sales*".

TAQA assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. This is deemed to be the case if, and only if, one or more events has occurred after the initial recognition of the asset which has an impact that can be reliably estimated on the estimated future cash flow from the asset. Financial assets may be individually assessed for impairment or assessed on a collective basis if they are part of a group of assets with similar characteristics. Evidence of impairment may include indications that a debtor is in financial difficulties and default or delays in payments of principal or interest.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated income statement. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and liabilities. TAQA's significant judgments, estimates and assumptions are described in Note 2.4 to its 2013 Financial Statements and certain of them are summarised below.

Judgments, estimates and assumptions are evaluated based on available information and experience. Actual results could differ under different assumptions or conditions. TAQA's management believes that, in particular, the judgments, estimates and assumptions discussed below involve significant management judgment due to the sensitivity of the methods and assumptions necessary in determining the related asset, liability, revenue and expense amounts.

Oil and Gas Reserves

Estimated reserve quantities and related estimates of future net cash flow are critical estimates for the Group because they affect the perceived value of the Group. Additionally, they are used to determine operating measures, such as the reserve replacement ratio, and to calculate depletion, depreciation and impairment of the Group's proved oil and gas properties. Future cash inflows and future production and development costs are determined by applying prices and costs, including transportation, quality differentials and basis differentials, applicable to each period to the estimated quantities of proved oil and gas reserves remaining to be produced at the end of that period. Expected cash flow is discounted to present value using an appropriate discount rate.

Oil and gas development and production properties are depreciated on a unit of production basis at a rate calculated by reference to proved and probable reserves and incorporating the estimated future cost of developing and extracting those reserves. Proved and probable reserves are determined using estimates of oil in place, recovery factors and future oil prices. Future development costs are estimated using assumptions as to the number of wells required to produce the proved and probable reserves, the cost of such wells and associated production facilities, and other capital costs. The volume of estimated oil and gas reserves is also a key determinant in assessing whether the carrying value of any of the Group's development and production assets has been impaired.

Although reserve estimates are inherently imprecise, and estimates of new discoveries and undeveloped locations are more imprecise than those of established producing properties, the Group's crude oil and natural gas reserves and resources used for accounting purposes are estimated using internationally accepted methods and standards, such as the Society of Petroleum Engineers Petroleum Resources Management System guidelines. The Group's annual crude oil and natural gas reserves and resources review process includes an annual external review process conducted by appropriately qualified independent reserves auditors. The Group evaluates and estimates its crude oil and natural gas reserves at 31 December in each year, although it is currently planning to initiate quarterly evaluations in due course.

All reserve estimates are subject to revision, either upward or downward, based on new information, including that from development drilling and production activities or from changes in economic factors, such as product prices, contract terms or development plans. In general, changes in the technical maturity of hydrocarbon reserves resulting from new information becoming available from development and production activities have tended to be the most significant cause of annual revisions. Changes in oil and gas reserves are an important indication of impairment or reversal of impairment and may result in subsequent impairment charges or reversals in the income statement. TAQA has made impairments (and reversed certain impairments) to its oil and gas properties in each of 2013, 2012 and 2011, see "— *Years ended 31 December 2013, 2012 and 2011 Compared — Cost of Sales*".

Asset Retirement Obligations/Decommissioning Costs

The Group recognises an estimated liability for decommissioning costs to be incurred by the Group at the end of the operating life of certain of its facilities and properties. In the Group's oil and gas operations, these liabilities generally arise from contractual obligations; in the power and water operations, they generally arise as a result of regulatory requirements. The ultimate decommissioning costs or asset retirement obligations are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at production sites. The estimated timing and amount of expenditure can also change, for example in response to changes in laws and regulations or their interpretation. As a result, there could be significant adjustment to the provisions established, which would affect future financial results through changes in the asset retirement obligations accretion expense incurred by the Group in each accounting period, see "— *Significant Accounting Policies — Provisions — Asset retirement obligations/decommissioning liability*".

Income Taxes

TAQA recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires management to make estimates related to the expectations of future taxable income. Significant judgment is required in determining whether or when these events may occur and whether recovery of any tax asset is more likely than not. Estimates of future taxable income are based on forecast cash flow from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flow and taxable income differ significantly from estimates, TAQA's ability to realise the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit its ability to obtain tax deductions in future periods.

Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from stock market quotations, they are derived using valuation techniques, including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include consideration of liquidity risk, credit risk and volatility, among other factors. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of Non-financial Assets

Impairment testing of non-financial assets is based on their estimated recoverable amount, which is the higher of value in use and fair value less costs to sell. In determining the recoverable amount of an asset, certain price and foreign exchange rate assumptions and appropriate discount rates have to be determined. See further Notes 8 and 17 to the 2013 Financial Statements.

Business Acquisitions

Accounting for the acquisition of a business requires an estimate of fair value to be made for most assets and liabilities of the acquired business. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, the useful lives of licences and other assets and market multiples. TAQA's management uses all available information to make these fair value determinations. TAQA has, if necessary, up to one year after the acquisition closing date to finish these fair value determinations and to finalise the acquisition accounting.

Power and Water Purchase Agreements

Management does not consider the domestic subsidiaries' PWPAs to fall within the scope of IFRIC 12 Service Concession Arrangements. Based on management's estimate of the useful life and residual value of the assets, the offtaker is not determined to control any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise. The classification of the PWPA as an operating lease is based on the judgment applied by management which considers that TAQA retains the principal risks and rewards of ownership of the plants, based on management's estimate of the useful life and residual value of the assets. An estimate of the useful life of the asset and residual value is made and reviewed annually. The effects of changes in useful life are recognised prospectively over the remaining life of the asset.

YEARS ENDED 31 DECEMBER 2013, 2012 AND 2011 COMPARED

Revenue

The table below sets out the Group's revenue for each of the years ended 31 December 2013, 2012 and 2011.

	Year ended 31 December		
	2013	**2012**	**2011**
		(AED million)	
Revenue from oil and gas (net of royalties)	10,787	10,572	10,825
Revenue from electricity and water	10,015	12,032	7,309
Fuel revenue	3,209	3,645	4,768
Gas storage revenue	213	199	271
Net liquidated damages	—	—	49
Other operating revenue	1,533	1,337	965
Total revenue	**25,757**	**27,785**	**24,187**

The Group generates revenue primarily from oil and gas production, power generation, water desalination and gas storage. The Group's total revenue in 2013 was AED 25,757 million, a decrease of 2,028 million, or 7.3%, compared to total revenue of AED 27,785 million in 2012 which, in turn, was an increase of AED 3,598 million, or 14.9%, compared to total revenue of AED 24,187 million in 2011.

The Group has two main operating segments which correspond to its two principal business streams: (i) Power and Water and (ii) Oil and Gas. Prior to 1 January 2013, the Group was organised into business streams based on products and services and operating segments based on geography which resulted in five reportable operating segments as follows:

Power and Water business stream

- Power and Water Generation — UAE; and
- Power Generation — Others.

Oil and Gas business stream

- Oil and Gas — North America;
- Oil and Gas — UK; and
- Oil and Gas — Netherlands.

Detailed information on the Group's operating segments is set out in note 4 to each of the Financial Statements. Financial results ascribed to the two business segments in 2011 relate to the previous business streams and are derived from an aggregation of the equivalent results for each operating segment within the business stream. No assurance is given that aggregated figures would be the same if the Group's business streams in 2011 had been reported as operating segments in that year.

Power and Water

2013 and 2012

The Group's Power and Water reporting segment principally generates revenue from the sale of electricity and water and from fuel revenue. In 2013, Power and Water generated revenue of AED 13,567 million, a decrease of AED 2,203 million, or 14.0% from the AED 15,770 million generated in 2012.

The Group's revenue from the sale of electricity and water in 2013 was AED 10,015 million, a decrease of AED 2,017 million, or 16.8%, from the AED 12,032 million generated in 2012. This decrease was principally due to reduced construction revenue recognised in relation to the construction of units 5 and 6 at the Jorf Lasfar plant in Morocco and the Takoradi expansion in Ghana, which amounted to AED 1,399 million in 2013 compared to AED 3,589 million in 2012, partially offset by an AED 114 million increase in finance revenue at units 5 and 6 at the Jorf Lasfar plant in Morocco in 2013. Revenue in 2013 was also adversely affected by lower revenues at Shuweihat 1 of AED 65 million, mainly due to a fire incident that resulted in reduced availability.

Fuel revenue in 2013 was AED 3,209 million, a decrease of AED 436 million, or 12.0%, from AED 3,645 million recorded in 2012, due to the combined effect of decreased coal consumption and lower coal prices at Jorf Lasfar in Morocco, lower fuel consumption at Takoradi and lower use of back up fuel in the Group's UAE generation facilities. Fuel revenue in relation to the UAE plants primarily represents reimbursement by ADWEC for the use of such fuel, which the generating subsidiaries record as an operating expense when incurred. The use of back up fuel at these facilities decreased as there was a more consistent supply of natural gas in 2013 compared to 2012. The Group derives fuel revenue in relation to its Jorf Lasfar, Takoradi and Neyveli plants by way of reimbursement from the offtaker for their purchases of fuel, which purchases are recorded as an operating expense when incurred. These trends were partially offset by an AED 59 million increase in fuel consumption costs at Red Oak in 2013.

Other operating revenue was AED 343 million in 2013 compared to AED 93 million in 2012, an increase of AED 250 million. The increase is principally due to the AED 177 million income from various services relating to the refinancing and extension of the PWPA at Shuweihat 2 in 2013 and to the reversal in 2013 of an AED 91 million provision in relation to liquidated damages at FAPCO.

2012 and 2011

The Group's Power and Water segment generated revenue of AED 15,770 million in 2012, an increase of AED 3,566 million, or 29.2%, from the AED 12,204 million generated in 2011.

Revenue from the sale of electricity and water in 2012 was AED 12,032 million, an increase of AED 4,723 million, or 64.6%, from the AED 7,309 million recorded in 2011. This increase was principally due to the inclusion of AED 3,589 million in construction revenue relating to the expansion of the Group's Jorf Lasfar plant in Morocco and its Takoradi plant in Ghana and revenue from the sale of electricity and water in 2012. Construction revenue is recognised under IFRIC 12 (Service Concession Arrangements) once financing for the relevant construction project is sufficiently certain to permit its recognition and, together with the associated costs, is recognised on a percentage of completion basis. Excluding construction revenue, the Group's revenue from the sale of electricity and water in 2012 would have been AED 8,443 million, an increase of AED 1,134 million, or 15.5%, from the AED 7,309 million recorded in 2011. This increase principally reflected a full year's operation of the Group's Shuweihat 2 facility (which commenced phased production in July 2011), which increased revenue from the sale of electricity and water by AED 708 million in 2012 compared to 2011. The remainder of the increase is attributable to higher levels of availability across the Group's other power plants.

Fuel revenue was AED 3,645 million in 2012, a decrease of AED 1,123 million, or 23.6%, from the AED 4,768 million recorded in 2011, principally as a result of the lower use of back up fuel in the Group's UAE generation facilities, although this was partially offset by increased usage at the Group's international plants. The use of back up fuel at these facilities decreased as there was a more consistent supply of natural gas in 2012 compared to 2011. Fuel revenue in relation to the Group's international plants generally increased, in particular reflecting increased coal costs at Jorf Lasfar in Morocco in 2012.

Oil and Gas

2013 and 2012

The Group's Oil and Gas segment principally generates revenue from the sale of oil and gas. In addition, the segment generates gas storage revenue and other operating revenue. In 2013, Oil and Gas generated revenue (net of royalties) of AED 12,187 million, an increase of AED 172 million, or 1.4%, from the AED 12,015 million recorded in 2012.

The Group's revenue from the sale of oil and gas (net of royalties) in 2013 was AED 10,787 million, an increase of AED 215 million, or 2.0%, compared to the AED 10,572 million recorded in 2012. The stock movements recorded under cost of sales showed a favourable variance of AED 696 million. The aggregate favourable change of AED 911 million reflects the following:

- higher production at TAQA Bratani, primarily driven by additional volumes from the BP asset acquisition, which increased the Group's revenue from the sale of oil and gas (net of royalties) by AED 545 million, as well as higher production at each of TAQA Energy and TAQA North similarly leading to increases of AED 33 million and AED 1 million, respectively;

- higher gas and other commodity prices (including derivative gains) at TAQA North in Canada, which increased the Group's revenue from the sale of oil and gas (net of royalties) by AED 340 million in 2013 compared to 2012, with a similar increase realised by TAQA Energy of AED 24 million, although this increase was partly offset by lower commodity prices at TAQA Bratani in the UK North Sea, which reduced the Group's revenue from the sale of oil and gas (net of royalties) by AED 51 million in 2013 compared to 2012; and

- lower royalties of AED 20 million. Royalties were lower by AED 45 million at TAQA North, offset by higher royalties of AED 25 million at TAQA Energy.

Further information on the Group's production and international oil and gas prices can be found under "— *Factors Affecting Results of Operations — Factors Affecting the Group's Revenue — Oil and gas sales revenue*" above.

Gas storage revenue was AED 213 million in 2013 compared to AED 199 million in 2012, an increase of AED 14 million, or 7.0%. The increase was principally due to higher commodity prices at both TAQA North and TAQA Energy.

The Group's other oil and gas operating revenue in 2013 was AED 1,187 million, a decrease of AED 57 million, or 4.6%, compared to AED 1,244 million in 2012. This decrease was principally driven by AED 194 million lower trade sales at TAQA Energy in 2013, partly offset by an AED 104 million increase in processing revenue at TAQA Bratani.

2012 and 2011

The Group's Oil and Gas segment generated revenue of AED 12,015 million in 2012, an increase of AED 32 million, or 0.3%, from the AED 11,983 million generated in 2011.

Revenue from the sale of crude oil, natural gas liquids and natural gas in 2012 was AED 10,572 million, a decrease of AED 253 million, or 2.3%, compared to the AED 10,825 million recorded in 2011. This decrease principally reflected lower revenue in North America driven primarily by lower gas prices.

Gas storage revenue was AED 199 million in 2012, a decrease of AED 72 million, or 26.6%, compared to AED 271 million recorded in 2011. The reduction was due to lower volumes stored by TAQA North and lower prices.

The Group's other oil and gas operating revenue was AED 1,244 million in 2012 compared to AED 887 million in 2011, an increase of AED 357 million, or 40.2%. This was principally driven by higher gas trade sales by TAQA Energy in 2012.

Cost of Sales

The table below sets out TAQA's cost of sales for each of 2013, 2012 and 2011.

	Year ended 31 December		
	2013	2012	2011
		(AED million)	
Operating expenses	(11,346)	(13,745)	(9,571)
DD&A	(6,229)	(5,495)(1)	(5,289)
Dry hole expenses	(348)	(144)	(149)
Provisions for impairment	(3,247)	(453)	(616)
Total cost of sales	**(21,170)**	**(19,837)**	**(15,625)**

(1) Recovery of intangible asset amortisation of AED 17 million for the year ended 31 December 2012 previously shown under administrative and other expenses has been reclassified to depreciation, depletion and amortisation. The figures for 2011 have not been reclassified accordingly. See "*Presentation of Financial and Other Information*".

The Group's cost of sales comprises operating expenses, depreciation, depletion and amortisation ("DD&A") costs, dry hole expenses and any net provisions for impairment. The Group's total cost of sales was AED 21,170 million in 2013, an increase of AED 1,333 million, or 6.7%, compared to the AED 19,837 million cost of sales recorded in 2012 which was, in turn, an increase of AED 4,212 million, or 27.0%, compared to the AED 15,625 million cost of sales recorded in 2011.

During 2013, the annual assessment of the assumptions on which TAQA's asset base is booked on the balance sheet resulted in a pre-tax, non-cash impairment of AED 3.2 billion against TAQA's Oil and Gas assets. The impairment was realised as a result of a reduction in the long-term assumptions for natural gas prices in North America.

Power and Water

2013 and 2012

The Group's cost of sales in the Power and Water reporting segment in 2013 principally comprised fuel expenses (which are substantially matched by fuel revenue), other operating expenses and DD&A costs. Other operating expenses in Power and Water include repairs, maintenance and consumables used, charges by operation and maintenance contractors and staff costs. In 2013, Power and Water's cost of sales was AED 8,142 million, a decrease of AED 2,495 million, or 23.5%, from AED 10,637 million in 2012.

Excluding fuel expenses, Power and Water's operating expenses in 2013 were AED 3,376 million, a decrease of AED 2,115 million, or 38.5%, compared to the AED 5,491 million recorded in 2012. This decrease was principally due to construction costs recognised in relation to the construction of units 5 and 6 at the Jorf Lasfar plant in Morocco and the Takoradi expansion in Ghana, which amounted to AED 1,353 million in 2013 compared to AED 3,513 million in 2012, but was partially offset by AED 52 million higher operation and maintenance costs at domestic power plants for 2013.

Fuel expenses were AED 2,972 million in 2013, a decrease of AED 418 million, or 12.3%, compared to the AED 3,390 million recorded in 2012. This was due to the combined effect of the decrease in coal consumption and lower coal prices at Jorf Lasfar and lower fuel usage at Takoradi in Ghana.

DD&A expenses for Power and Water were AED 1,794 million in 2013, an increase of AED 38 million, or 2.2%, compared to the AED 1,756 million recorded in 2012. The increase mainly reflects amortisation of capitalised maintenance costs incurred at the Fujairah 2 facility in the second half of 2012 (which accounted for AED 22 million of the increase) and capitalised maintenance costs at the Shuweihat 2 facility (which accounted for AED 11 million of the increase).

2012 and 2011

Excluding fuel expenses, the Group's Power and Water segment's operating expenses in 2012 were AED 5,491 million, an increase of AED 3,475 million, or 172.4%, compared to the AED 2,016 million recorded in 2011. This increase principally reflected the inclusion of construction costs of AED 3,513 million in 2012. Excluding these construction costs, the Group's Power and Water business stream's operating expenses in 2012 would have been AED 1,978 million, a decrease of AED

38 million, or 1.9%, compared to 2011. This decrease reflected a combination of reduced repairs and maintenance expenses at the UAE generation facilities and lower charges by operations and maintenance contractors.

Fuel expenses for the Power and Water business stream were AED 3,390 million in 2012, a decrease of AED 762 million, or 18.4%, compared to the AED 4,152 million recorded in 2011. This decrease principally reflected reduced fuel expenses at the UAE generation facilities and lower fuel costs at Red Oak, which was partially offset by higher fuel prices at Jorf Lasfar and Takoradi.

DD&A expenses for the Power and Water business stream were AED 1,756 million in 2012, an increase of AED 201 million, or 12.9%, compared to the AED 1,555 million recorded in 2011. The Shuweihat 2 facility contributed AED 170 million of this increase.

Oil and Gas

2013 and 2012

The Group's cost of sales in respect of the Oil and Gas reporting segment in 2013 principally comprised operating expenses, DD&A costs, dry hole expenses and a provision for impairment. Operating expenses include staff costs, repairs, maintenance and consumables used, gas storage expenses and fuel expenses. In 2013, Oil and Gas's cost of sales was AED 13,002 million, an increase of AED 3,820 million, or 41.6%, from the AED 9,182 million cost of sales in 2012.

Oil and Gas's operating expenses were AED 4,996 million in 2013, an increase of AED 132 million, or 2.7%, compared to AED 4,864 million in 2012. There were a range of factors which increased operating expenses and transportation costs at TAQA Bratani (including the Cormorant Alpha shut down, the BP asset acquisition and others) and in the aggregate increased operating expenses by AED 216 million. This increase and other smaller increases at other parts of the Oil and Gas business, including an AED 20 million increase in gas storage expenses, was substantially offset by:

- stock movements at TAQA Bratani and TAQA Energy accounted for under the entitlements method of accounting (see "— *Significant Accounting Policies — Oil and Gas Accounting — Oil and gas joint ventures*"), which reduced operating expenses by AED 696 million in 2013 compared to 2012 and are discussed above under "— *Revenue — Oil and Gas — 2013 and 2012*";
- lower other expenses of AED 109 million primarily of TAQA Energy in relation to gas entry capacity charges; and
- AED 38 million lower exploration costs in 2013.

Dry hole expenses were AED 348 million in 2013 and represent write offs in relation to Timon, Abercromby, Darwin, Crazy Horse and Warmenhuizen compared to dry hole expenses of AED 144 million in 2012 representing write-offs in respect of Coaster and South Cladhan.

Oil and Gas's DD&A expenses were AED 4,411 million in 2013, an increase of AED 690 million, or 18.5%, compared to AED 3,721 million in 2012. The increase in 2013 principally reflects higher DD&A rates and higher production volumes at TAQA Bratani resulting from the acquisition of the BP Assets which, together, resulted in an AED 635 million increase, as well as higher volumes and rates linked to the reserves downgrade which has driven the impairment noted below at TAQA North and which contributed AED 54 million to the increase.

In 2013, the Oil and Gas reporting segment recorded an impairment charge of AED 3,247 million compared to AED 453 million in 2012. The impairment in 2013 related to:

- An impairment in respect of property, plant and equipment in 2013 of AED 1,733 million compared to AED 453 million in 2012. In both years these impairments were at TAQA North and were driven by the decline in reserves under a low gas price environment.
- An impairment in respect of goodwill of AED 1,598 million in 2013 which also related to TAQA North and was also driven by the negative changes in reserves estimates and price assumptions discussed above.

The impairments in 2013 were partially offset by an AED 84 million reversal of impairment at TAQA Bratani due to positive changes in reserves estimates at its Brae hub.

2012 and 2011

The Group's Oil and Gas segment's cost of sales was AED 9,182 million in 2012, an increase of AED 1,250 million, or 15.8%, from the AED 7,932 million recorded in 2011. This increase resulted principally from increased repair and maintenance costs at TAQA Bratani in relation to the Otter field.

The Oil and Gas segment's operating expenses were AED 4,864 million in 2012, an increase of AED 1,411 million, or 40.9%, compared to the AED 3,453 million recorded in 2011. The principal increases in the 2012 period were due to stock movements accounted for under the entitlements method of accounting, higher trade gas costs at TAQA Energy due to increased trade gas sales, and higher repair and maintenance costs at TAQA Bratani, principally due to the Otter acquisition, see "*— Factors Affecting Results of Operations — Significant Acquisitions and Asset Transfers between 1 January 2011 and 31 December 2013 — Acquisitions*".

The Oil and Gas business stream's DD&A expenses were AED 3,721 million in 2012, an increase of AED 7 million, or 0.2%, compared to AED 3,714 million in 2011. DD&A rates vary from period to period as a result of a number of factors, including changes in reserve volumes and estimates of capital expenditure.

The Oil and Gas business stream's dry hole expenses were constant across the two years at AED 144 million in 2012 and AED 149 million in 2011, respectively.

The Oil and Gas impairment charge in 2012 was AED 453 million. This charge related to certain oil and gas properties located in Canada which were written down principally as a result of a deteriorating gas price environment and poor asset performance within Oil and Gas.

Gross Profit

Reflecting the above factors, the Group's gross profit was AED 4,587 million in 2013, compared to AED 7,948 million in 2012 and AED 8,562 million in 2011. The Group's gross profit margin was 17.8% for 2013 compared to 28.6% for 2012 and 35.4% for 2011. The reduced gross profit margin in 2013 principally reflects the impairment charge of AED 3,247 million in relation to the Group's oil and gas assets.

Other Income and Expense Items

The table below sets out the Group's principal other income and expense items for each of 2013, 2012 and 2011.

	Year ended 31 December		
	2013	**2012**	**2011**
		(AED million)	
Finance costs	(5,087)	(5,023)	(4,555)
Administrative and other expenses	(1,199)	(1,041)[(1)]	(860)
Share of results of equity accounted investees	233	260	401
Interest income	100	38	44
Changes in fair value of derivatives and fair value hedges	41	243	281
Net foreign exchange (losses) gains	(186)	(9)	117
Other income and expenses (net)	404	1,128	128
of which:			
Bargain purchase gain	*49*	*200*	—
Gain on sale of land and oil and gas assets	*101*	*380*	*91*
Gain on sale of available for sale investment	—	*415*	—
Gain on sale of equity accounted investment	*54*	*157*	*28*
Loss on repurchase of bonds	—	—	*(81)*
Other investment income	*80*	*7*	—
Other gains and losses	*120*	*(31)*	*90*
Total other income and expense items	**(5,694)**	**(4,404)**	**(4,444)**

(1) Recovery of intangible asset amortisation of AED 17 million for the year ended 31 December 2012 previously shown under administrative and other expenses has been reclassified to depreciation, depletion and amortisation. The figures for 2011have not been reclassified accordingly. See "*Presentation of Financial and Other Information*".

Finance costs

The Group's finance costs primarily consist of interest expense on bank loans and outstanding bonds.

2013 and 2012

Finance costs were AED 5,087 million in 2013, an increase of AED 64 million, or 1.3%, compared to finance costs of AED 5,023 million in 2012. The increase in finance costs in 2013 principally resulted from higher accretion expense relating to asset retirement obligations at TAQA Bratani, which contributed AED 108 million of the increase, as well as new loans at JLEC 5&6 and Takoradi, although this was partially offset by the repayment of existing loans at certain of TAQA's UAE power generation and water desalination plants and at Neyveli. In addition, finance costs not attributed to a reporting segment were AED 102 million lower in 2013, reflecting the repayment of an existing bond partially offset by interest costs on new drawings under TAQA's revolving credit facility.

2012 and 2011

Finance costs were AED 5,023 million in 2012, an increase of AED 468 million, or 10.3%, compared to finance costs of AED 4,555 million in 2011. The increase in finance costs in 2012 principally related to the Power and Water business stream where the Group experienced a full year effect on the financing of its Shuweihat 2 facility, which accounted for AED 345 million of the increase. In addition, finance costs not related to either business stream increased by AED 128 million in 2012, principally as a result of bond and sukuk issues in December 2011 and the first quarter of 2012. In the Oil and Gas business stream, higher accretion expense relating to asset retirement obligations at TAQA Bratani contributed AED 29 million of the increase.

Administrative and other expenses

The Group's administrative and other expenses consist of salaries and related expenses, professional fees and other expenses.

2013 and 2012

Administrative and other expenses were AED 1,199 million in 2013, an increase of AED 158 million, or 15.2%, compared to the AED 1,041 million recorded in 2012. The increase in 2013 principally reflected increased staff numbers at the Group's UAE headquarters and increased project development costs at TAQA Atrush (which was acquired in December 2012), partially offset by a decrease in staff costs and rent costs at TAQA North following its restructuring.

2012 and 2011

The Group's administrative and other expenses were AED 1,041 million in 2012, an increase of AED 181 million, or 21.0%, compared to AED 860 million in 2011. The increase in 2012 principally reflected higher salaries as a result of a new long-term incentive plan at TAQA North, increased administrative costs at Jorf Lasfar and increased staff costs at the Group's Abu Dhabi headquarters, as well as a reclassification of the recovery of intangible asset amortisation of AED 17 million which has been reflected in 2012, but not in 2011, as it is not material.

Share of results of equity accounted investees

The Group's equity accounted investees comprise its joint ventures and its associates. See Note 2.5 to the 2013 Financial Statements for a discussion of the Group's accounting treatment of its investments in joint ventures and associates. The Group's share of the results of its equity accounted investees was AED 233 million in 2013, a decrease of AED 27 million, or 10.4%, compared to the AED 260 million share in 2012. This decrease primarily related to lower earnings from Sohar Aluminium and reflects the impact of falling aluminium prices on its results of operations.

The Group's share of the results of its equity accounted investees was AED 260 million in 2012 compared to AED 401 million in 2011. The decrease of AED 141 million, or 35.2%, in 2012 principally relates to lower earnings from Sohar Aluminium and reflects the impact of falling aluminium prices on its results of operations.

Interest income

The Group's interest income was AED 100 million in 2013, an increase of AED 62 million, or 163.2%, compared to AED 38 million in 2012. The increase in 2013 principally reflected AED 82 million in interest received on receivable balances at TAQA Bratani and Neyveli. The Group's remaining interest income over the two years was principally derived from a loan to an associate and interest on short-term deposits.

The Group's interest income was AED 38 million in 2012, a decrease of AED 6 million, or 13.6%, compared to AED 44 million in 2011. This decrease principally resulted from lower interest rates on deposit balances.

Changes in the fair value of derivatives and fair value hedges

In 2013, the change in the fair value of derivatives for Power and Water was a gain of AED 47 million compared to a gain of AED 223 million in 2012. The gain of AED 47 million consisted of a gain of AED 81 million due to the discontinuation of hedge accounting at Taweelah A2 from 1 January 2013, which was partially offset by a loss of AED 34 million from Red Oak. During 2013, the losses on Oil and Gas derivative contracts were AED 7 million compared to gains of AED 22 million in the 2012 period.

In 2012 and 2011, the Group recorded gains on changes in the fair value of derivative contracts of AED 243 million and AED 281 million, respectively. These gains principally related to derivative contracts entered into in relation to the Red Oak Tolling Agreement and reflected mark to market gains, as well as the small gains on changes in the fair value of derivatives contracts entered into by TAQA North to reduce its exposure to commodity prices. In 2011, the Group also recorded gains on changes in the fair value of derivatives contracts entered into by one of the Group's UAE generation subsidiaries to hedge its exposure to foreign currency fluctuations related to scheduled maintenance cost payments to an overseas supplier.

Net foreign exchange losses

The Group's net foreign exchange losses are the net result of the foreign exchange gains and losses arising from the translation of net monetary assets and liabilities of subsidiaries and the settlement of transactions denominated in currencies other than the UAE dirham, TAQA's functional currency. Net foreign exchange losses were AED 186 million in 2013 compared to AED 9 million in 2012. The loss in 2013 principally reflected foreign exchange losses not attributed to a reporting segment of AED 250 million resulting from the revaluation of intercompany loan balances. These losses were partly offset by:

- a net AED 36 million gain in the Power and Water reporting segment resulting from fluctuations in the value of the U.S. dollar against (i) the Indian rupee in relation to changes in the balance sheet values of operating financial assets at Neyveli and (ii) the Moroccan dirham in relation to changes in the balance sheet values of loans at Jorf Lasfar; and
- a net AED 28 million gain in the Oil and Gas reporting segment resulting from fluctuations in the value of the U.S. dollar against the pound sterling in relation to the revaluation of net monetary liabilities at TAQA Bratani and foreign exchange hedging gains at TAQA North.

Net foreign exchange losses were AED 9 million in 2012 compared to gains of AED 117 million in 2011. The loss in 2012 principally reflected a combination of:

- a net AED 13 million loss resulting from fluctuations in the value of the U.S. dollar against the pound sterling on the revaluation of net monetary liabilities in the Group's northern North Sea oil and gas business;
- foreign exchange losses not attributed to a business stream of AED 11 million resulting from short-term deposits and foreign exchange contracts; and
- a net AED 15 million gain resulting from the power and water business stream primarily as a result of fluctuations in the value of the U.S. dollar against the Indian rupee in relation to changes in the balance sheet values of operating financial assets at Neyveli and the U.S. dollar against the Moroccan dirham in relation to changes in the balance sheet values of loans at Jorf Lasfar.

The gain in 2011 principally reflected the appreciation of the U.S. dollar against the Indian rupee in relation to a finance lease receivable denominated in U.S. dollars in respect of the Neyveli plant and, to a lesser extent, the effect of the appreciation of the U.S. dollar against the pound sterling on the revaluation of net monetary liabilities in the Group's northern North Sea oil and gas business.

Other income and expenses

In 2013, the Group recorded a gain on the sale of oil and gas properties of AED 101 million. These sales were made as part of the Group's ongoing policy of strategic divestment of North American oil and gas assets and, in 2013, comprised properties in western Canada. On a net basis, the Group disposed of 12,532 acres in 2013 with total average production of 305 boe/d. The Group also recorded an AED 49 million bargain purchase gain on the acquisition of the Devenick field.

In 2012, the Group recorded a gain on the sale of oil and gas properties of AED 380 million. This sale comprised properties in western Canada and the United States. On a net basis, the Group disposed of 129,800 acres in 2012 with total average production of 4,600 boe/d. The Group also recorded an AED 415 million gain on the sale of its investment in Tesla Motors, as part of its strategy of rationalising its portfolio and focusing on its core operations.

In 2011, the Group recorded a gain on the sale of land and oil and gas assets of AED 91 million. This sale comprised properties in Alberta, British Columbia, Saskatchewan and the northern United States. On a net basis, the Group disposed of 30,839 acres in 2011 with total average production of 1,220 boe/d. The Group also recorded a gain of AED 28 million on the sale of its interest in MaruEnergy (the sale had been agreed in 2010 and was completed in January 2011 with MaruEnergy being recorded as an asset held for sale at 31 December 2010 and the gain representing the difference between the price paid and the value of the assets held for sale) and a loss of AED 81 million on the repurchase of U.S.$589 million of its issue of U.S.$1.5 billion of 5.65% Notes due October 2012.

Income Tax Expense

The table below shows the breakdown of the Group's total income tax expense for each of 2013, 2012 and 2011.

	Year ended 31 December		
	2013	**2012**	**2011**
		(AED million)	
Current income tax	(840)	(2,132)	(2,371)
Deferred income tax	179	(51)	(163)
Total income tax expense	**(661)**	**(2,183)**	**(2,534)**

The Group's income tax expense was AED 661 million in the year ended 31 December 2013 comprising AED 840 million of current income tax expense offset by AED 179 million of deferred income tax benefit, resulting in an effective tax rate (being the weighted average of the statutory rates applicable to it) of 135% (excluding the non-deductible goodwill impairment of AED 1,598 million relating to the Oil and Gas segment). The Group's income tax expense in 2012 was AED 2,183 million comprising AED 2,132 million of current income tax expense and AED 51 million of deferred income tax expense, resulting in an effective tax rate of 62%. In 2013, the effective tax rate increased principally as a result of the fact that the Group's overall loss on the Oil and Gas segment consisted of larger losses in North America with a statutory tax rate of between 25% and 35%, and profits in The Netherlands and UK with statutory tax rates of between 50% up to 81%.

The Group's income tax expense was AED 2,534 million in 2011 comprising AED 2,371 million of current income tax expense and AED 163 million of deferred income tax expense. The relative size of the income tax expense in 2012 as compared to 2011 principally reflected the comparatively lower taxable income in 2012 as opposed to 2011. In addition, the relatively higher income tax expense in 2011 was compounded by the imposition of significant additional taxes on UK oil and gas producing companies which came into effect on 24 March 2011, see "*Risk Factors — Factors that may Affect TAQA's Ability to Fulfil its Obligations under Notes Issued under the Programme — Risks Relating to the Group's Business Generally — The Group's operations are subject to stringent regulation in all the jurisdictions in which it operates and changes in law and regulation may adversely affect the Group*". The Group's effective income tax rate was 62% in each of 2012 and 2011. In both years, the effective tax rate reflected the effect of additional taxes introduced by the UK government in March 2011 and, in 2012, it also reflected higher one-off tax charges on the Group's oil and gas operations in the United Kingdom as a result of new legislation reducing tax deductions on decommissioning expenses coming into force in the third quarter of 2012.

Profit for the Year

Reflecting the above factors, the Group recorded a loss for 2013 (before non-controlling interest) of AED 1,768 million compared to a profit of AED 1,361 million for 2012 and a profit of AED 1,584 million for 2011.

Other Comprehensive (Loss) Income

The Group's other comprehensive income or loss in each period under review has principally been driven by:

- changes in interest rate swap transactions entered into by the Group's generation subsidiaries (which are recorded under "*Changes in fair values of derivative interests in cash flow hedges*" and the finance cost of which is recorded under "*Reclassification adjustment for losses included in the income statement*");
- reclassification adjustments for losses included in the income statement; and
- movements in exchange rates, principally the exchange rate between the Canadian dollar and the UAE dirham.

In 2013, the Group's other comprehensive income was AED 1,783 million, which principally reflected a positive fair value change in derivatives of AED 1,751 million, a positive reclassification adjustment for losses included in the income statement of AED 1,505 million and a negative exchange rate difference on translation of AED 1,383 million. In 2012, the Group's other comprehensive income was AED 644 million, which principally reflected reclassification adjustments for losses included in the income statement of AED 1,537 million and a positive exchange rate difference on translation of AED 743 million, partially offset by a negative fair value change in derivative instruments in cash flow hedges of AED 1,426 million and a AED 415 million realised gain on the sale of investments carried at fair value through other comprehensive income. In 2011, the Group's other comprehensive loss was AED 3,536 million, which principally reflected a negative fair value change in derivative instruments in cash flow hedges of AED 4,332 million and a negative exchange rate difference on translation of AED 767 million, partially offset by AED 1,494 million of positive reclassification adjustments for losses included in the income statement.

Total Comprehensive (Loss) Income

Reflecting the above factors and the Group's profit for each year, the Group's total comprehensive income was AED 15 million in 2013 compared to AED 2,005 million in 2012. In 2011, the Group recorded a total comprehensive loss of AED 1,952 million.

LIQUIDITY AND CAPITAL RESOURCES

Overview

TAQA is a holding company and has no operations of its own. TAQA depends upon the earnings and cash flow of the power generation and water desalination plants and the upstream and midstream oil and gas facilities owned by its subsidiaries and the ability of those subsidiaries to pay dividends or repatriate funds to TAQA.

The ability of those subsidiaries to pay dividends or make other distributions or payments to TAQA is subject to, among other things, the availability of profits or distributable funds, restrictions on the payment of dividends set forth in covenants given in connection with financial indebtedness and restrictions in applicable laws and regulations, including as a result of TAQA's investments in regulated utilities. The terms and conditions of the Notes contain no covenants that prevent TAQA's subsidiaries or the other companies in which it invests from entering into agreements which may restrict their ability to pay dividends or make payments to TAQA and its affiliates. However, the majority of TAQA's power generation and water desalination plants have been financed with limited recourse project finance facilities, which contain certain restrictive covenants, including a prohibition on the payment of dividends in certain circumstances, see "*Risk Factors — Factors that may Affect TAQA's Ability to Fulfil its Obligations under Notes Issued under the Programme — Risks Relating to the Group's Business Generally — TAQA's ability to make payments under the Notes depends upon dividends and distributions from its subsidiaries and the companies in which it invests from time to time*".

The Group's sources of funds include funds generated from operations, funds from external borrowing (including project financing) and the proceeds of asset sales.

The Group's cash requirements arise primarily from the capital intensive nature of its power generation and water desalination operations, its oil and gas exploration and production activities and the operation of its peak gas and gas storage facilities as well as the expansion of its business by acquisition or otherwise.

Cash Flow

The table below summarises the Group's cash flow for each of 2013, 2012 and 2011.

	Year ended 31 December		
	2013	2012	2011
		(AED millions)	
Net cash from operating activities	12,452	11,705	11,023
Net cash used in investing activities	(6,884)	(11,295)	(5,146)
Net cash used in financing activities	(5,368)	(489)	(7,584)
Net foreign exchange differences	(61)	67	37
Cash and cash equivalents at start of year	3,807	3,819	5,489
Cash and cash equivalents at end of year	3,946	3,807	3,819

Operating Activities

Net cash from operating activities in 2013 was AED 12,452 million, compared to AED 11,705 million in 2012 and AED 11,023 million in 2011. Net cash from operations in 2013 principally reflected a loss before tax of AED 1,107 million adjusted upwards for DD&A of AED 6,229 million, interest expense and notional interest of AED 4,512 million and provision for impairment of AED 3,247 million and adjusted downwards to reflect revenue from operating financial assets of AED 2,649 million and income tax paid during the period of AED 1,150 million. Net cash from operations in 2012 principally reflected profit before tax of AED 3,544 million adjusted upwards for DD&A of AED 5,495 million, interest expense and notional interest of AED 4,558 million and construction costs of AED 3,186 million and adjusted downwards to reflect income tax paid during the year of AED 2,248 million. Net cash from operations in 2011 principally reflected profit before tax of AED 4,118 million adjusted upwards for DD&A of AED 5,289 million and interest expense and notional interest of AED 4,143 million and adjusted downwards to reflect income tax paid of AED 1,724 million.

Investing Activities

Net cash used in investing activities in the year ended 31 December 2013 was AED 6,884 million. In 2013, the Group had capital expenditure of AED 5,554 million primarily in relation to its Oil and Gas reporting segment and spent AED 1,262 million in construction costs relating to the Jorf Lasfar and Takoradi expansion projects and AED 875 million on business acquisitions at TAQA Bratani and AED 733 million on the acquisition of intangible assets, principally exploration and evaluation expenditures. Against this expenditure, the Group generated AED 1,131 million from the sale of non-core land assets in North America and the sale of its interest in NoordGasTransport B.V.

Net cash used in investing activities was AED 11,295 million in 2012, with AED 5,081 million being spent on property, plant and equipment (principally the acquisition of oil and gas assets), AED 2,579 million being spent on the Jorf Lasfar and Takoradi expansion projects, and AED 6,216 million being spent on the Atrush acquisition, the acquisition of the BP Assets and the acquisition of intangible assets, principally exploration and evaluation expenditures. Against this expenditure, the Group generated AED 3,080 million from the sale of non-core land assets in North America and the sale of its interests in Tesla Motors and Western Zagros.

Net cash used in investing activities was AED 5,146 million in 2011, with AED 5,697 million being spent on property, plant and equipment (principally the acquisition of oil and gas assets and capital work in progress relating to the Shuweihat 2 generating facility) and AED 1,027 million being spent in connection with the Jorf Lasfar expansion. In 2011, the Group received AED 1,151 million in proceeds from the sale of MaruEnergy.

Financing Activities

Net cash used in financing activities in 2013 was AED 5,368 million, with AED 11,924 million being raised in new external borrowings, AED 11,744 million of external borrowings being repaid and AED 4,616 million of interest being paid. In 2013, TAQA also paid AED 1,307 million in dividends.

Net cash used in financing activities was AED 489 million in 2012, with AED 11,088 million being raised in new external borrowings, AED 5,612 million of external borrowings being repaid and AED 4,421 million of interest being paid. In 2012, TAQA also paid AED 1,189 million in dividends.

Net cash used in financing activities was AED 7,584 million in 2011, with AED 10,091 million being raised in new external borrowings, AED 11,952 million of external borrowings being repaid and AED 4,112 million of interest being paid. In 2011, TAQA also paid AED 1,220 million in dividends.

Going Concern

As at 31 December 2013, the Group's current liabilities exceeded its current assets by an amount of AED 2,259 million. The Group's 2013 Financial Statements have been prepared on a going concern basis since the Group has unused credit lines of AED 10,960 million as of 31 December 2013 and management believes that the Group will generate sufficient cash flow from operations to meet its liabilities, including current liabilities, as and when they fall due.

Capital Commitments

Capital expenditure

The commitments under the Group's ongoing operations are expected to be financed with external borrowings and cash provided by operations. As at 31 December 2013, the total authorised capital expenditure contracted, but not provided for in relation to ongoing operations, amounted to AED 4,830 million. The authorised capital expenditure contracted, but not provided for, by each reporting segment as at 31 December 2013, is set out in the table below.

Reporting Segment	**At 31 December 2013**
	(unaudited) *(AED million)*
Oil and Gas	4,092
Power and Water	738
Total	**4,830**

Each of TAQA's subsidiaries operating power generation and water desalination plants in the UAE and TAQA's subsidiaries operating the international power generation plants have entered into limited recourse project finance arrangements. Operating budget capital expenditure for these subsidiaries is non-contractual and discretionary.

TAQA has the ability to scale up or scale down the Group's capital expenditure in relation to its upstream oil and gas business to take into account prevailing oil and gas prices. For example, reflecting prevailing low gas prices, a 30% reduction has been made to the Group's 2013 investment plan as part of its North American gas strategy.

Other significant commitments

In September 2006, TAQA agreed to invest U.S.$200 million (over a period of up to five years) in Carlyle Infrastructure Partners, L.P. The fund invests in infrastructure assets (including toll roads, bridges and tunnels, mass transit systems, airports, aircraft and water treatment and distribution). As at 31 December 2013, TAQA had invested a total of U.S.$160 million in the fund and this is treated as an available for sale investment. Although the commitment to invest in new assets has expired, TAQA remains obliged to participate in any additional investments in existing assets within the overall ceiling.

In North America, the Group is party to pipeline usage commitments under which it was, at 31 December 2013, committed to spend AED 348 million prior to 31 December 2016.

In April 2012, TAQA signed a joint venture agreement with MGIC under which TAQA will acquire up to a 50% interest in a 1,000 MW gas-fired power plant situated near Sulaymaniyah in the

Kurdish region of Iraq. The transaction is subject to the fulfilment of certain conditions precedent and is expected to close in 2014. The consideration payable by TAQA is expected to be financed using internally generated funds.

TAQA's newly acquired joint venture, LWP Lessee, LLC, has future minimum payments under a non-cancellable operating lease as at 31 December 2013, amounting to AED 1,790 million, of which the Group's share is AED 895 million. In addition, one of the Group's associates, Sohar Aluminium, has future minimum payments under a non-cancellable operating lease of AED 1,498 million as at 31 December 2013. The Group's share of these payments is AED 599 million.

The Group also has future minimum payments under non-cancellable operating leases of AED 2.6 billion as at 31 December 2013. These operating leases have remaining maturities ranging from eight to 15 years.

The Group has also incurred certain commitments in the period following 31 December 2013. In particular, and in March 2014, a consortium led by TAQA India Power Ventures Private Limited ("**TAQA India**") entered into an agreement with Jaiprakash Power Ventures Limited ("**JPVL**") for the acquisition of the Baspa Stage II and Karcham Wangtoo hydroelectric plants located in the State of Himachal Pradesh, India. See "— "*Recent Developments*".

Capital Resources

The Group's interest bearing loans and borrowings as at 31 December 2013 comprised:

- AED 40,136 million (including Islamic project finance term loans of AED 1,530 million) in project finance term loans outstanding. These loans are denominated in U.S. dollars and UAE dirham (in the case of the UAE power and water generation subsidiaries), in Moroccan dirham (in the case of the loans to JLEC) and in rupees (in the case of the loan to TAQA Neyveli Power Company Pvt Ltd.). Each of the loans to the UAE power and water generation subsidiaries bears interest at a floating rate determined by reference to a margin over LIBOR and each of the international loans bears interest at a fixed rate. The weighted average interest rate of these loans (after giving effect to related interest rate swap agreements) was 5.92% at 31 December 2013;
- AED 30,345 million (including sukuk of AED 725 million) in parent company debt securities outstanding. These securities are denominated in U.S. dollars (save for the sukuk, which is denominated in MYR) and all series bear interest at a fixed rate. The weighted average interest rate of these debt securities was 5.51% at 31 December 2013;
- AED 6,156 million in drawings under two revolving credit facilities outstanding. These drawings comprise a mixture of Canadian dollar, euro and U.S. dollar advances. The drawings bear interest at floating rates and had a weighted average interest rate of 2.26% at 31 December 2013; and
- AED 2,948 million in project bonds issued by one of its subsidiaries outstanding. The bonds bear interest at a fixed rate of 6% and mature in 2036, are solely the obligation of that subsidiary and are not guaranteed by TAQA.

As at 31 December 2013, the Group also had AED 109 million in long-term advances and loans from related parties.

As at 31 December 2013, the Group had AED 10,960 million in unutilised committed funding.

The Issuer may issue Notes under the Programme from time to time in any currency permitted under the Programme, with any tenor and interest rate basis as set out in this Prospectus, on a listed or unlisted basis, up to an aggregate amount outstanding at any time of up to U.S.$9 billion (or its equivalent in other currencies).

Project finance term loans

Project finance term loans, which are shown at amortised cost, have been incurred by the following subsidiaries. Each of these loans is described in more detail in note 31(v) to the 2013 Financial Statements.

Subsidiary	**Amortised cost at 31 December 2013**
	(AED million)
UAE power and water generation subsidiaries	
Emirates CMS Power Company PJSC ("**ECPC**")	703
Gulf Total Tractebel Power Company PJSC	3,525
Shuweihat CMS International Power Company PJSC ("**SCIPCO**")	2,272
Arabian Power Company PJSC ("**Arabian Power**")	2,342
Taweelah Asia Power Company PJSC	5,989
Emirates Sembcorp Water and Power Company	3,913
Fujairah Asia Power Company PJSC	7,381
Ruwais Power Company PJSC	5,098
International power generation subsidiaries	
Jorf Lasfar Energy Company S.C.A.	2,352
Jorf Lasfar Energy Company 5&6 S.A,	3,679
Takoradi International Company	921
TAQA Neyveli Power Company Pvt Ltd.	70
Himachal Sorang Power Limited	361
Total	**38,606**

All of TAQA's UAE power generation and water desalination subsidiaries and its international power generation subsidiaries are financed by limited recourse project finance conventional loan facilities and, in the case of one subsidiary, a project finance bond. In certain cases, Islamic loan facilities have also been entered into, see "— *Islamic Loans*". The conventional loan facilities and the Islamic loan facilities rank equally and are subject to inter-creditor arrangements. The facilities to which the UAE generation subsidiaries are party all have substantially similar terms including a right and, in some circumstances, an obligation to prepay the loan in whole or in part. For example, certain insurance proceeds, compensation payments and asset disposal proceeds received by a UAE generation subsidiary are required to be used to prepay these facilities.

Each project financing restricts the ability of the UAE generation subsidiary to make distributions to its shareholders (including repayments of subordinated loans). The restrictions on making distributions include, without limitation, the achievement of a minimum debt service coverage ratio, the achievement of a minimum loan life coverage ratio and no default or potential event of default occurring under the relevant facility agreement, see "*Risk Factors — Factors that may Affect TAQA's Ability to Fulfil its Obligations under Notes Issued under the Programme — Risks Relating to the Group's Business Generally — TAQA's ability to make payments under the Notes depends upon dividends and distributions from its subsidiaries and the companies in which it invests from time to time*".

Under each project financing, the UAE generation subsidiary is obliged to open and operate certain onshore and offshore bank accounts. Amounts in the offshore operating accounts must be applied, broadly, in the following order of priority: project costs; operating and maintenance and other capital costs as they fall due; debt service; transfers to the maintenance reserve account; transfers to the debt service reserve account; and distributions to shareholders.

In addition, each project financing imposes a number of positive and negative covenants on the UAE generation subsidiary, including (in most cases) restrictions on creating liens; selling or otherwise disposing of assets; incurring additional debt; changing the general scope of business; entering into mergers or acquisitions or making investments; and amending project agreements.

The project financings are secured by security interests over substantially all the assets of the relevant UAE generation subsidiary and over its shares and other ownership interests.

The events of default under the project financings include (in most cases) a failure to make due payments; misrepresentation; non-compliance with covenants; cross default; insolvency and analogous events; change of control; illegality; termination or breach of certain finance and project documents; loss or material amendment of certain licences; expropriation; non-compliance with minimum debt service coverage ratio and loan life coverage ratio; destruction or abandonment of the project; and any other event or circumstance which has a material adverse effect. In most cases, if an event of default occurs, the facility agent may, and must if so instructed by the majority lenders, accelerate the loan. In most cases, no individual lender can take any independent action to enforce the security for the loan or initiate any other creditor's process without the consent of the majority lenders. There have been no events of default under any of these loans to date.

Debt securities issued

As at 31 December 2013, TAQA also had outstanding eight series of fixed rate notes issued under its global medium term note programme in an aggregate face amount of U.S.$6.2 billion. In addition, at the same date TAQA had U.S.$1.9 billion in directly issued bonds outstanding and U.S.$825 million in bonds issued by Ruwais Power Company, a subsidiary of the Group. The table below summarises the maturity profile of these notes:

Repayment Date	Amount Outstanding at 31 December 2013
	(AED million)
September 2014	4,400
October 2016	3,662
March 2017	2,739
October 2017	1,836
January 2018	2,733
August 2018	1,834
September 2019	1,823
December 2021	2,734
January 2023	4,547
August 2036	2,948
October 2036	3,312
Total	**32,568**

In November 2011, TAQA established a MYR 3.5 billion sukuk programme under which it can issue Shari'ah compliant securities. As at 31 December 2013, an MYR 650 million sukuk due March 2022 had been issued and was outstanding in the amount of AED 725 million.

Revolving credit facilities

In May 2010, TAQA's North American subsidiary, TAQA North, entered into a C$1.0 billion three-year revolving credit facility with a syndicate of eight banks. As at 31 December 2013, AED 1,945 million in drawings were outstanding under this facility. The facility had been extended for one year in 2011 and 2012 and was subsequently extended for a further year in 2013, to mature in May 2016. Borrowings under the facility are guaranteed by TAQA.

In December 2010, TAQA entered into a U.S.$3.0 billion revolving credit facility with a syndicate of 20 banks, comprising a U.S.$2.0 billion three-year revolving credit tranche and a U.S.$1.0 billion five-year revolving tranche. In December 2012, TAQA refinanced the U.S.$2.0 billion three-year tranche with a new facility which has two tranches of U.S.$1.2 billion maturing in 2015 and U.S.$1.3 billion maturing in 2017, respectively. As at 31 December 2013, AED 4.2 billion in drawings were outstanding under these facilities.

Islamic Loans

Islamic loans, which are shown at amortised cost, have been taken out with respect to the following subsidiaries. Each of these loans is described in more detail in note 32 to the 2013 Financial Statements.

Subsidiary	**Amortised cost at 31 December 2013**
	(AED million)
ECPC	273
SCIPCO	572
Arabian Power	685
Total	**1,530**

A fluctuating rental payment is paid under the Islamic financing agreements, which is broadly equivalent to the conventional lenders' return. Each of the operating subsidiaries' Islamic lenders shares security with its conventional lenders.

Repayment Profile

Amounts payable by TAQA and its subsidiaries (before deducting prepaid finance costs) under the conventional and Islamic loans identified above outstanding at 31 December 2013 are as follows:

Repayment Profile	**Amortised cost at 31 December 2013**
	(AED million)
Within 1 year	10,662
Between 1 and 2 years	2,076
Between 2 and 3 years	7,761
Between 3 and 4 years	6,881
Between 4 and 5 years	7,021
After 5 years	45,912
Total	**80,313**

Loans from related parties

As at 31 December 2013, the Group had outstanding long-term loans and advances from related parties of AED 109 million, see Note 34 to the 2013 Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this document, consolidated Group companies have not entered into any off-balance sheet arrangements.

CONTINGENT LIABILITIES

In addition to its obligations under guarantees and letters of credit entered into in the ordinary course of business, the Group is subject to contingent liabilities arising from tax assessments and disputes connected with acquisitions made and also has a contingent liability in respect of a guarantee entered into in connection with the Red Oak acquisition.

Furthermore, TAQA is subject to potentially significant additional costs in respect of its UK North Sea assets, see "*Risk Factors — Factors that may Affect TAQA's Ability to Fulfil its Obligations under Notes Issued under the Programme — Risks Relating to the Group's Business Generally — The Group could incur significant decommissioning costs in relation to its facilities*". In this respect, the UK government has recently entered into Decommissioning Relief Deeds (each a "**DRD**") with individual oil companies (including TAQA Bratani Limited and TAQA Bratani LNS Limited) operating in the UK continental shelf which effectively guarantee the tax reliefs that companies can expect when decommissioning their UK continental shelf assets, providing that if the current rate of the tax relief on decommissioning (which is approximately 50%-75% (depending on the tax rate and asset in question)) is reduced in the future, the UK government will make a compensating payment. The security provided in relation to the payment of decommissioning costs is typically governed by decommissioning security agreements (each a "**DSA**") between joint venture partners or between buyers and sellers of assets. Assuming a DRD is in place on a default by a joint venture partner, under the corresponding DSA the non-defaulting parties are contractually guaranteed tax relief on the additional expenditure imposed on them. The DSAs to which TAQA is a party currently require decommissioning security on a pre-tax basis. Because of the guarantees from the UK government in the DRDs, the expectation is that these DSAs should be amended to a post-tax basis, but they have yet to be amended and there is no assurance that such amendments will be agreed in the near future or at all.

PRIMARY RISKS

The Group is exposed to a range of different risks, including:

- commodity risk, principally arising from changes in prices for crude oil and natural gas;
- exploration and production risk in relation to its crude oil and natural gas exploration and production activities;
- financial risks arising from changes in foreign currency exchange rates and market price risks;
- credit risk insofar as its subsidiaries sell water and electricity to a single customer; and
- liquidity risk in connection with the Group's terms of sale.

Commodity Price Risk

A significant part of the Group's operating results and financial condition depends on prevailing prices of crude oil, natural gas and natural gas liquids. Historically, these prices have fluctuated widely for many reasons, including:

- global and regional supply and demand, and expectations regarding future supply and demand, for crude oil, natural gas and natural gas liquids;
- weather conditions and natural disasters;
- access to pipelines, railways and other means of transporting crude oil, natural gas and natural gas liquids;
- prices and availability of alternative fuels and sources of energy;
- the ability of the members of OPEC, and of other crude oil producing nations, to set and maintain specified levels of production and prices;
- political, economic and military developments in oil producing regions, particularly the Middle East;
- governmental regulations and actions, including export restrictions and taxes; and
- global and regional economic conditions.

Substantially all of the Group's crude oil, natural gas and natural gas liquids are sold at prices which are either spot prices or are based on monthly average prices. Market prices for export sales of these products are subject to volatile trading patterns in the commodity futures markets. Average selling prices can differ from quoted market prices due to the effects of uneven volume distributions during the period, quality differentials, different delivery terms compared to quoted benchmarks, different conditions in local markets and other factors.

World crude oil and natural gas prices have experienced significant volatility during the period under review. See "— *Factors Affecting Results of Operations — Factors Affecting the Group's Revenue — Oil and gas sales revenue*".

Although TAQA suspended the commodity hedging programme in North America in 2012, the Group continued to monitor the commodity market for short-term risk mitigation opportunities. In response to one such opportunity during January 2014, TAQA North entered into a series of derivative financial contracts to mitigate the risk of natural gas price volatility during 2014.

TAQA GEN X seeks to hedge its commodity price risks (incurred through its ongoing purchases of gas and sales of electricity) through forward commodity contracts. In 2013, a 10% increase in the fair value of the forward commodity contracts to which TAQA GEN X was a party would have decreased the Group's profit before tax by AED 62 million whereas a 10% fall in the fair value of those contracts would have had an equal but opposite effect.

Exploration and Production Risk

Exploration for new crude oil and natural gas resources is an integral part of the Group's business and is a high risk endeavour. Exploration projects search for reserves of crude oil and natural gas below the earth's surface and, despite the advanced technology used, it remains difficult to understand petroleum geology at such depths. Whilst considerable geological uncertainty prevails, the acquisition of sufficient data and detailed geological analyses can reduce this uncertainty and exploration risk to acceptable levels. Factors which the Group takes into account when exploring for crude oil and natural gas resources are the probability of success, the potential size of the reserves and the costs involved in exploring and developing the reserves. To minimise the risks associated with these factors, the Group seeks to develop the capability of its exploration teams through knowledge management and exploration and production databases shared within the Group which institutionalise best practice and lessons learned. In addition, the Group uses a peer review process and consensus building to recommend exploration projects for approval. In order to balance reserve growth and risk tolerance, the exploration portfolio is regularly reviewed.

Production risk tends to be associated with ageing production equipment and human error, see "*Risk Factors — Factors that may Affect TAQA's Ability to Fulfil its Obligations under Notes Issued under the Programme — Risks Relating to the Group's Crude Oil and Natural Gas Exploration, Production, Transmission and Storage Business — Some of the Group's oil and gas installations are past their original designed life*". To address this risk, the Group emphasises risk management at all stages of the production process. Automatic detection and emergency shutdown processes are in place to prevent losses during equipment failures. The Group uses standardised work procedures and operation manuals, together with training programmes, to encourage the adoption of best practices and risk management procedures by its employees. In addition, stringent operational safety assessments are carried out by outside agencies to ensure high standards.

Market Price Risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Market price risks include currency risk, interest rate risk and equity price risk. Financial instruments affected by market price risk include loans and borrowings, deposits, available for sale investments and derivative financial instruments.

Foreign currency exchange risk

The Group conducts operations in 11 countries and reports its consolidated financial statements in UAE dirham. As a result, its results of operations are affected by exchange rate fluctuations between the UAE dirham and other currencies, in particular the Canadian dollar, the euro and the Indian Rupee. The Group's foreign exchange risk consists of both currency transaction risk and currency translation risk. Each of the Group's operating subsidiaries reports its assets and liabilities and profits and losses in the operating currency of the jurisdiction in which it primarily operates. These amounts, if not reported in UAE dirham, are then translated into UAE dirham for inclusion in the Group's consolidated financial statements at the period average or period-end exchange rates, as the case may be. The translation of these amounts can impact the Group's financial results from period to period and affect their comparability.

A significant portion of the Group's oil and gas revenue is denominated in U.S. dollars. However, because the UAE dirham has been pegged to the U.S. dollar, at a fixed exchange rate of AED 3.6725 = U.S.$1.00 since 22 November 1980, balances in U.S. dollars are not considered to represent significant currency risk. There is, however, no guarantee that the UAE dirham will remain pegged to the U.S. dollar or that it will remain pegged at the same fixed rate of exchange. The Group's UAE and non-UAE generation companies use forward currency contracts to hedge the risk associated with currency fluctuations. With respect to currency derivatives, the Group's policy is to measure these instruments at their fair value, using the spot rate at the year end as the basis for the fair value measurement with resulting gains or losses being reported within gains less losses arising from dealing in foreign currencies in the consolidated income statement.

As a result of the Group's investments in The Netherlands and Morocco (whose currency is pegged to a basket of currencies comprised predominantly of the euro), it is exposed to currency risk as a result of movements in euro and UAE dirham exchange rates. TAQA seeks to mitigate the effect of the Group's structural currency exposure by borrowing in euro. As a result of its investments in Canada, the Group's balance sheet can also be affected by movements in the Canadian dollar and UAE dirham exchange rates. The Group also has transactional currency exposure mainly in U.S. dollars, sterling, euro and Canadian dollars. It is the Group's policy to have all forward currency contracts in the same currency as the hedged items and not to enter into forward contracts until a firm commitment is in place. It is also the Group's policy to synchronise the terms of the hedge derivatives with the terms of the hedged item to maximise hedge effectiveness.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations and short-term deposits with floating interest rates. It is the Group's policy to manage its interest costs using a mix of fixed and variable rate debts. To manage this, Group companies enter into interest rate swaps, in which the relevant Group company agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. These swaps are designated to hedge underlying debt obligations. As at 31 December 2013, after taking into account the effect of interest rate swaps, approximately 85% of the Group's borrowings are at a fixed rate of interest.

As at 31 December 2013, an increase in interest rates of 0.15% (assuming all other variables remained constant) would have reduced the Group's profit in 2013 by AED 18 million (AED 17 million in 2012) and increased its equity by AED 749 million (AED 621 million at 31 December 2012). An equivalent decrease in interest rates would have increased the Group's profit in 2013 by AED 18 million (AED 17 million in 2012) and decreased its equity by AED 879 million (AED 736 million at 31 December 2012).

Group companies borrow to support their general corporate purposes including capital expenditure, acquisition financings and working capital needs. Upward fluctuations in interest rates increase the cost of new debt and the interest cost of outstanding variable rate borrowings. Fluctuations in interest rates can also lead to significant fluctuations in the fair value of the Group's debt obligations.

Equity price risk

The Group is exposed to equity price risk through its holding of an unlisted available for sale investment.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a loss for the Group. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and other financial instruments under which it is a lender.

TAQA's UAE power and water generation subsidiaries sell their products to one related party, which was also the Group's most significant customer in each period under review, accounting for 27.9% of the Group's total revenue in 2013, 25.2% in 2012 and 33.5% in 2011. Generally, TAQA's non-UAE power generation subsidiaries also sell their products to one party, which is typically a governmental entity. TAQA Bratani derives most of its revenue from the sale of crude oil to Shell International Trading & Shipping Co Ltd. The crude oil contract with this company is an annual rolling contract which currently covers the period to 31 December 2014. All of the natural gas produced by the Group in The Netherlands is sold to GasTerra B.V., an entity 50% owned by the Dutch government and 50% owned by a joint venture between Shell and Exxon Mobil, under a long-term contract. These subsidiaries seek to limit their credit risk with respect to a single customer by monitoring outstanding receivables. The Group's non-UAE subsidiaries are potentially exposed to concentrations of credit risk in respect of accounts receivable, cash and cash equivalents, VAT recoverable, loans receivable and advances. The Group's other oil and gas operations sell their output in the spot market. The Group does not generally require collateral to limit its exposure to loss; however, letters of credit and prepayments are often used. Although the condition of these receivables could be influenced by economic factors affecting these entities, TAQA believes there is no significant risk of loss beyond allowances already recorded.

The Group generally trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure relates to carrying amounts for amounts due from related parties and accounts receivable and prepayments. The Group's two largest customers accounted for approximately 72% of outstanding trade receivables and amounts due from related parties as at 31 December 2013. In relation to its other financial assets, including cash and cash equivalents, available for sale financial investments and certain derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. TAQA seeks to limit its credit risk to banks by only dealing with reputable banks and financial institutions.

Liquidity Risk

Liquidity risk arises when the maturity of assets and liabilities do not match. TAQA's subsidiaries seek to limit their liquidity risk by monitoring their current financial position in conjunction with their cash flow forecasts on a regular basis to ensure funds are available to meet their commitments for liabilities as they fall due. The subsidiaries' terms of sale require amounts to be paid within 30 days of the date of sale. Trade payables are normally settled within 30 days of the date of purchase. In addition to liquidity provided from operating cash flow, the Group has available liquidity through its undrawn revolving credit facilities.

The Group monitors its risk of a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (for example accounts receivable and other assets) and projected cash flow from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and bonds. The Group's policy is to try to ensure that the amount of borrowings that mature in the next 12-month period should not result in the current ratio (current assets divided by current liabilities) being less than 100%.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and to maximise shareholder value. The Group manages its capital structure through dividend adjustments and issuing new shares. TAQA monitors the Group's capital using a gearing ratio of net debt divided by total capital plus net debt. For these purposes, "**net debt**" comprises interest bearing loans and borrowings and Islamic loans less cash and cash equivalents and "**capital**" comprises total equity (including non-controlling interests) less cumulative changes in the fair value of derivatives.

As at 31 December 2013, the Group's gearing ratio was 82%.

DESCRIPTION OF THE GROUP

OVERVIEW

TAQA is the holding company for a diversified international energy group headquartered in the Emirate of Abu Dhabi, United Arab Emirates. The Group's operating business comprises three business streams: the Power and Water business stream, the Oil and Gas business stream and the Energy Solutions business stream, which is currently at an early stage of development. For the year ended 31 December 2013, the Group's revenue was AED 25,757 million and it reported a loss of AED 1,768 million.

Power and Water

The Group owns, develops, acquires and operates power generation and water desalination facilities in the Middle East, Africa and India and has a contractual interest in a power generation facility in the United States. TAQA owns majority interests in eight power generation and water desalination facilities in the UAE. In addition, TAQA owns an interest in and operates power generation facilities in each of Morocco, India and Ghana. TAQA also owns a majority interest in a tolling agreement in relation to a power generation facility in the United States and minority interests in a company which operates an aluminium smelter and related power generation plant in Oman and a power generation company in Saudi Arabia. In addition, in December 2012, TAQA acquired a controlling interest in HSPL, which is developing a 100MW hydro-electric power plant in Himachal Pradesh, India. Under the acquisition agreement, TAQA will progressively increase its interest in HSPL (up to 100%) following commissioning of the plant, which is expected to occur in 2014.

For the year ended 31 December 2013, the Power and Water business stream generated consolidated revenue from external customers of AED 13,567 million, or 52.7% of the Group's total consolidated revenue, and recorded a profit for the year (before adjustments, eliminations and unallocated) of AED 2,420 million.

As at 31 December 2013, the Group's facilities (excluding the power generation plant at Sohar Aluminium in Oman but including the Group's minority interest in the Jubail power plant in Saudi Arabia) had a gross power generation capacity of 12,494MW in the UAE and 2,918MW in operations outside the UAE, and a gross desalinated water production capacity of 887MIGD. Based on TAQA's percentage ownership, its aggregate net interest in the facilities as at 31 December 2013 was 6,747MW in the UAE, 2,576MW internationally and 479MIGD, respectively. For the year ended 31 December 2013, total power production from the facilities was 76,712 GWh and total desalinated water production from the facilities was 253,420MIG.

Oil and Gas

The Group is engaged in upstream and midstream oil and gas businesses with its principal operations in North America (comprising Canada and the northwestern United States), the UK North Sea and The Netherlands. The Group also has a 39.9% interest in an exploration block in the Kurdistan Region of Iraq. The Group's upstream oil and gas business includes exploration, development and production of crude oil, natural gas and natural gas liquids. The Group's midstream oil and gas business includes gas storage, oil and gas processing and transport. For the year ended 31 December 2013, the Oil and Gas business stream generated consolidated revenue from external customers of AED 12,187 million, or 47.3% of the Group's total consolidated revenue, and recorded a loss (before adjustments, eliminations and unallocated) of AED 2,120 million. For the year ended 31 December 2013, aggregate daily average crude oil, natural gas liquids and natural gas production was 59.4 mboe/d, 12.9 mboe/d and 419.7 mmcf/d, respectively.

Energy Solutions

The Group's Energy Solutions business stream was formally established in January 2012 with the objective of developing innovative technologies to create a sustainable economy and thereby aligning TAQA's strategy more closely with that of Abu Dhabi's Economic Vision 2030, see "*Overview of the UAE and Abu Dhabi — Abu Dhabi's Economic Strategy*". In July 2013, the Group acquired a 50% interest in the 205.5MW Lakefield operating wind farm located in Minnesota (USA). This business stream does not currently contribute materially to the Group's revenue and profit.

HISTORY

In March 1998, ADWEA was established by the government of Abu Dhabi to implement a major water and electricity sector restructuring, refurbishment and expansion programme in the Emirate of Abu Dhabi. To achieve these goals, ADWEA undertook a partial privatisation programme in relation to a number of its generation assets with a view to reducing power and water costs and increasing fuel efficiency through market competition. Pursuant to this process ADWEA divested 40% of its interest in each of its generation facilities to consortia formed by international developers such as Marubeni, GDF Suez and International Power. ADWEA subsequently transferred 90% of its remaining interest in each facility to TAQA as such facility neared completion.

TAQA was established in June 2005 pursuant to the provisions of Emiri Decree (16) of 2005 as a public joint stock company. At TAQA's inception, ADWEA, then TAQA's sole shareholder, transferred approximately 24% of its shareholding to the Farm Owners' Fund. The Farm Owners' Fund's shareholding was subsequently reduced when mandatory convertible bonds issued by TAQA converted into shares in 2008.

In August 2005, TAQA's shares were listed on the Abu Dhabi Securities Exchange and a concurrent equity offering reduced ADWEA's shareholding to approximately 51%.

In 2006, TAQA commenced a process of diversification, transforming the Group through acquisitions from being solely a power generation and water desalination business in the UAE into an internationally operating energy group that is also active in the upstream (oil and gas exploration and production) and midstream (oil and gas storage and transmission) sectors of the energy industry.

Since 2007, TAQA has completed a number of acquisitions and divestments in the I-MENA region (the MENA region plus India), North America, Europe and elsewhere, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Results of Operations — Significant Acquisitions and Asset Transfers between 1 January 2011 and 31 December 2013*" for further details of some of these transactions. In 2011, TAQA revised its strategy from primarily asset acquisition to primarily developing its asset base. In line with this shift in focus, TAQA divested certain non-core power generation assets in the Caribbean and continues to manage its oil and gas property portfolio, particularly through the disposal of non-core properties in North America.

SHAREHOLDERS

TAQA's shares are listed on the Abu Dhabi Securities Exchange under the symbol "TAQA". TAQA's current principal shareholders are:

Shareholder	Shareholding
	(%)(1)
ADWEA	52.4
Farm Owners' Fund	21.7
Other government entities	0.4
Publicly owned	25.6

Notes:

(1) Rounded to the nearest tenth.

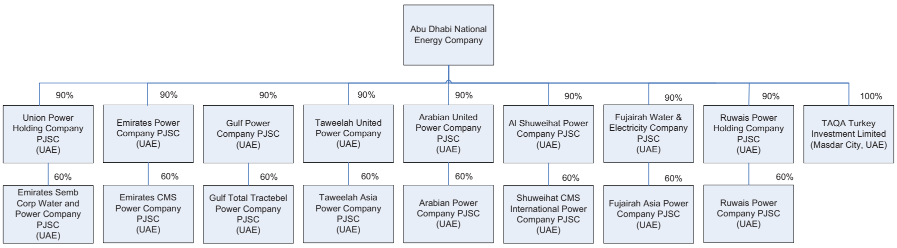
Each of ADWEA and the Farm Owners' Fund is wholly owned by the Abu Dhabi government. Accordingly, the Abu Dhabi government indirectly owns approximately 74.4% of TAQA's share capital.

CORPORATE, ORGANISATIONAL AND REPORTING STRUCTURES

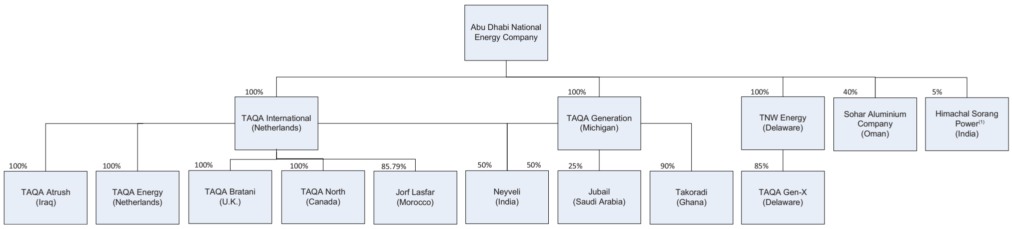
Corporate Structure

The simplified corporate structure charts as at 31 December 2013 below depict the inter-corporate relationships between TAQA and its principal UAE and international subsidiaries. Intermediate holding companies may be interposed between the companies shown on the corporate structure charts, and the ownership percentage figures in the charts reflect TAQA's direct or indirect effective ownership, as applicable.

UAE subsidiaries



International subsidiaries



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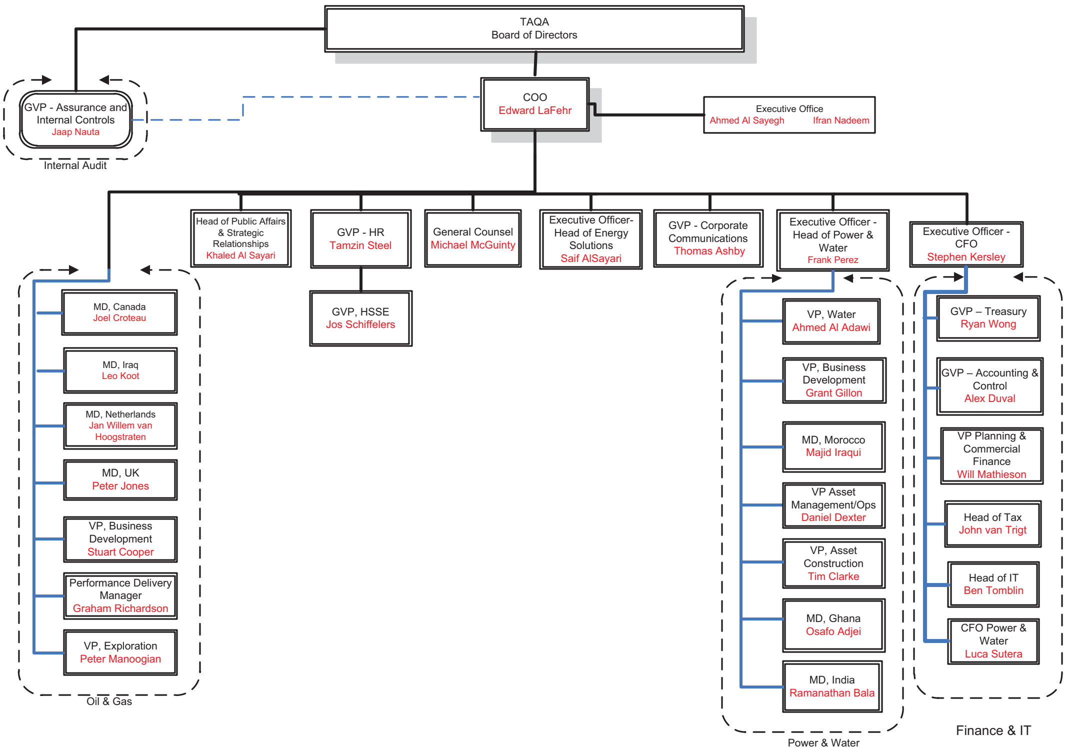
(1) TAQA owns 5% of the share capital and through its 100% interest in fully convertible debentures has an effective ownership interest of 84%.

Organisational and Reporting Structure

The chart below depicts how the Group's business is organised and the general reporting lines for the business. TAQA's new COO is currently undertaking a review of this organisational and reporting structure and it is possible that there may be changes to the structure outlined below.



STRATEGY

TAQA aims to build energy and water businesses of scale, focused on long-term value creation and diversification of risk. To achieve this, TAQA's long-term strategy is to fully leverage its dominant position within the Emirate of Abu Dhabi to develop and operate profitable energy and water infrastructure in Abu Dhabi and the rest of the UAE, and by using this position of strength to expand and compete globally in geographies that are of particular interest to the UAE.

All three of TAQA's business streams benefit from the application of this strategy:

- The Power and Water business stream has grown through the acquisition and enhancement by TAQA of significant power generation assets in competitive international markets. TAQA's UAE power and water assets provide the financial and reputational support to enable TAQA to continue to expand its global power and water portfolio of assets.

- The acquisition and development of significant operational capabilities in the Oil and Gas business stream has allowed TAQA to enter the strategic Kurdistan Region of Iraq through the acquisition of an operating interest in the Atrush Block. For this purpose, TAQA leveraged the skills within its three Oil and Gas businesses to assemble the technical and commercial expertise required to develop, operate and commercialise this important field.

- TAQA's home market of Abu Dhabi also provides incubation opportunities for new businesses within the recently established Energy Solutions business stream, including, for example, the 100MW waste-to-energy project discussed under "— *Business Streams — Energy Solutions*".

Through the implementation of the above strategy, the Group is making a meaningful contribution to the Abu Dhabi Economic Vision 2030 in the key areas of economic development, social and human resource development and infrastructure development. In particular, TAQA's strategy seeks to enable the diversification of income for Abu Dhabi, the creation of a sustainable knowledge-based economy for the Emirate and the provision of a reliable supply of electricity and water.

In terms of its geographic focus, TAQA aims to grow its business with the UAE and the MENA region as the centre of gravity, while also considering organic growth opportunities that fit its strategy within its current footprint.

By successfully executing its strategy, TAQA aims to realise its Vision 2020. This vision rests on five pillars:

- **Strong Abu Dhabi relationships**. TAQA builds on the strength of its Abu Dhabi relationships and contributes to the delivery of the Abu Dhabi Economic Vision 2030. It manages strategic energy and water assets critical to Abu Dhabi and the UAE. The Abu Dhabi relationships enable TAQA to more effectively manage geopolitical, regulatory and market risk in its international operations, and particularly in the MENA region.

- **Long-term value creation**. Through a diversified mix of assets, TAQA generates stable cash flows and steadily grows the business. Organic growth opportunities in the existing businesses are prioritised, although strategic non-organic growth opportunities are also considered. Non-strategic assets are divested to increase the Group's strategic focus.

- **Strong financial management**. The Group is committed to make prudent financial decisions with carefully planned and executed capital expenditure programmes and to apply leading levels of corporate governance. One of TAQA's ambitions is to achieve a stand-alone investment-grade credit rating.

- **Operational excellence and technology application**. TAQA is continuously striving for operational excellence and to apply the latest technologies in order to deliver outstanding financial and operational performance. Most importantly, TAQA considers health and safety and the protection of the environment to be its top priorities.

- **Cohesive culture and inspired people**. TAQA's employees enjoy strong working relationships within a distinctive and cohesive culture based on a meaningful purpose, clear core values, a stimulating work environment and support for professional development. TAQA believes that its culture is unique, thus creating a competitive advantage in global markets. Finally, TAQA is committed to being a responsible corporate citizen in the communities where it operates.

COMPETITIVE STRENGTHS

TAQA's strategy is founded on its three distinctive competitive strengths.

Abu Dhabi Government Support

The Group benefits significantly from the strong support of the Abu Dhabi government. TAQA is the leading energy operator of scale among Abu Dhabi's state-owned enterprises and, as such, it is uniquely positioned to support specific opportunities in line with the Emirate's public and foreign policy. This advantage is sustainable and provides the following benefits:

- Ownership of energy and water assets in Abu Dhabi. TAQA provides over 95% of the electricity and water requirements of the Emirate through its majority ownership of eight integrated power generation and water desalination plants. This set of assets is the core of the Group's global Power and Water portfolio, and positions the Group within the top 10 global independent power producers in terms of gross power generation capacity.
- Support from Abu Dhabi in TAQA's relationships with non-UAE governments. Abu Dhabi has very strong government-to-government relationships with many countries. TAQA directly and indirectly benefits from these relationships, either through the support of development or operational activities internationally, or through the access to a unique pipeline of international opportunities.

Large and Diversified Portfolio with a Presence in Emerging Markets

The Group operates in 11 countries spread across four continents, with businesses that span the energy value chain from upstream oil and gas exploration, development and operations to midstream oil and gas transport and storage services, as well as power generation and water desalination. This diversified platform has enabled the Group to reduce its exposure to individual business, country and currency risks. The Group's assets are balanced between investments dependent on commodity prices and investments that provide long-term committed revenue and earnings, see "*— Business Streams — Power and Water — Contractual nature of the power and water business*", as well as investments in developed and emerging markets.

The Group has assets in a number of emerging markets in the Middle East, Africa and India. These economies are experiencing, and are expected to continue to experience, higher economic growth rates than more mature markets. This growth not only translates into higher demand growth for energy, particularly electricity, but also requires significant investments in critical infrastructure such as power generation facilities and related energy infrastructure. TAQA believes that the Group is well positioned to benefit from these trends, particularly through its power generation presence and expansion in such markets.

Proven Capabilities

TAQA has proven capabilities in a number of areas. It is a developer of large capital projects in different business streams, for example the U.S.$1.6 billion expansion of the Jorf Lasfar power plant in Morocco and the U.S.$1 billion development of Gas Storage Bergermeer in The Netherlands.

The Group also has a solid track record in operating energy assets throughout the value chain. It operates onshore and offshore oil and gas exploration and production activities in challenging environments as well as midstream infrastructure. The Group also operates power plants in Morocco, India and Ghana.

TAQA has substantial capabilities in financial structuring and in effecting merger and acquisition transactions.

TAQA's management team comprises senior Emirati and international executives with extensive experience and established track records in the energy industry. TAQA's operational centres match its business footprint, providing strong management and operational teams at the Group's main centres of operation.

BUSINESS STREAMS

Power and Water

The Group's Power and Water business includes the ownership, development, acquisition and/or operation of power generation and water desalination facilities in the Middle East, North and Sub-Saharan Africa and India.

In the UAE, TAQA has equity interests in eight special purpose entities in the Emirates of Abu Dhabi and Fujairah, which provide more than 95% of the water and electricity requirements of the Emirate of Abu Dhabi in addition to varying levels of power and water supply to the other Emirates. Each special purpose company is partially owned by various leading international energy companies, and TAQA's holding in each is the result of a transfer from ADWEA (see "— *History*"). As of 31 December 2013, the Group's UAE power and water facilities had 12,494MW of gross power generation capacity and 887MIGD of gross water desalination capacity. Based on TAQA's percentage ownership, its aggregate net interest in the facilities as at 31 December 2013 was 6,747MW and 479MIGD, respectively.

TAQA also undertakes power generation activities through its subsidiaries in Morocco, India and Ghana, owns an 85% interest in a tolling agreement in relation to a power generation facility in the United States, a 40% interest in a company which operates an aluminium smelter and associated power generation facility in Oman, and a 25% equity interest in a power generation company in Saudi Arabia. As at 31 December 2013, these entities (excluding the facility in Oman) had, on a combined basis, approximately 2,918MW of gross power generation capacity, with TAQA's net interest being 2,576MW.

The Group intends to continue the expansion of its presence in the power generation and water desalination sectors in the I-MENA region. In particular, it continues to pursue both selective acquisitions and greenfield opportunities through consortia formed with other well-known participants in the international power and water sector. For example, in December 2012, TAQA acquired a 5% interest in HSPL, which is developing a 100MW hydro-electric power plant in Himachal Pradesh, India. Under the acquisition agreement, TAQA will progressively increase its interest in HSPL (up to 100%) following commissioning of the plant, which is expected to occur in 2014. In April 2012, TAQA signed a joint venture agreement with Mass Global Investments Company Limited for a 50% interest in a 1,000MW gas-fired IPP near Sulaymaniyah in the Kurdish region of Iraq. Although the agreement has technically expired as certain government approvals were not obtained, the transaction is expected to close in 2014 subject to the fulfilment of certain conditions precedent. In March 2014, TAQA, as part of a consortium in which it has a 51% equity share, agreed to acquire two hydro-electric plants in Himachal Pradesh, India. The proposed transaction envisages that TAQA will control the operations and management of both facilities.

Contractual nature of the power and water business

Almost all of the power generation and/or water desalination facilities in which TAQA currently has an equity interest sell electricity and/or desalinated water to their customers, who are generally state-controlled, under long-term contracted price take-or-pay PPAs or, in the case of the UAE facilities, PWPAs, see "*Summary of Material Agreements — Summary of Certain International Generation Project Agreements*" and "*Summary of Material Agreements — Summary of Principal UAE Generation Agreements*". The exceptions are the HSPL hydro plant, which will sell electricity on a merchant basis once commissioned, the smelter in Oman where the power generation facility is part of the smelter and the TAQA Gen-X tolling arrangement where the output is sold on a merchant basis.

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

Fuel supply for the Group's international facilities is generally provided for under fuel supply agreements ("**FSAs**") or in the relevant PPA and, for the Group's UAE facilities, is provided by the off-taker under the PWPA. Fuel costs under the FSAs are included as part of the energy charge portion of the tariff such that the relevant project company minimises its exposure to changes in fuel costs.

Similarly, operating, maintenance and financing costs for the entire life of the PPA or PWPA are factored into the tariff under the PPA or PWPA, under cost plus or lump sum arrangements.

In addition to this, PPAs, PWPAs and related agreements provide for protection against certain risks to which the project company might be exposed. For example, part of the tariff related to the

Neyveli facility in India is indexed to the U.S. dollar to protect against adverse movements in the rupee against the U.S. dollar.

As a result, the Group's Power and Water business is generally a long-term contracted business with historically stable cash flow and earnings.

UAE power and water assets

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

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

Each of these plants is managed, operated and maintained by international partners under long-term operations and maintenance agreements between the relevant international partner and the generation subsidiary concerned.

Each plant has been financed with limited recourse project finance facilities, which contain certain covenant packages, including a prohibition on the payment of dividends in certain circumstances, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital Resources — Project finance term loans*".

The table below sets out the key aspects of the Group's UAE power and water facilities as of 31 December 2013, all of which are build, own and operate ("**BOO**") facilities.

Facility	TAQA	Holding	Partners	Gross Power Capacity	Net Interest Power Capacity	Gross Water Desalination Capacity	Net Interest Water Desalination Capacity	Scheduled PWPA Termination
	(%)							
Taweelah A2	54	Emirates CMS Power Company	ADWEA (6%) Marubeni Corporation (34%) JGC Corporation (6%)	777	420	50	27	2021
Taweelah A1	54	Gulf Total Tractebel Power Company	ADWEA (6%) GDF Suez (20%) TOTAL (20%)	1,600	864	84	46	2029
Taweelah B	54	Taweelah Asia Power Company	ADWEA (6%) BTU Power Company (10%) Marubeni Corporation (14%) Powertek Berhad (10%) JGC Corporation (6%)	2,000	1,080	163	88	2028
Shuweihat S1	54	Shuweihat CMS International Power Company	ADWEA (6%) International Power (20%) Sumitomo Corporation (20%)	1,500	810	100	54	2025
Shuweihat S2	54	Ruwais Power Company	ADWEA (6%) GDF Suez (20%) Marubeni Corporation (20%)	1,500	810	100	54	2036
Umm al Naar	54	Arabian Power Company	ADWEA (6%) International Power (20%) Mitsui & Co., Ltd. (6%) Tokyo Electric Power Co. (14%)	2,256	1,218	160	86	2027
Fujairah 1[(1)]	54	Emirates SembCorp Water & Power Company	ADWEA (6%) SembCorp Utilities (40%)	861	465	100	54	2029
Fujairah 2	54	Fujairah Asia Power Company	ADWEA (6%) International Power (20%) Marubeni Corporation (20%)	2,000	1,080	130	70	2031
Total				12,494	6,747	887	479	

Note:

(1) In June 2013, TAQA announced a U.S.$200 million expansion project for the Fujairah 1 IWPP. The expansion, which is expected to be completed in the first half of 2015, will increase the water desalination capacity of Fujairah 1 IWPP from 100MIGD to 130MIGD

The table below shows the power availability (as a percentage of contracted capacity) of each of the UAE generation facilities for the years ended 31 December 2013, 2012 and 2011.

	Year ended 31 December[(2)]		
	2013	2012	2011
Taweelah A2	93.3%	93.04%	87.99%
Taweelah A1	94.1%	96.53%	92.65%
Taweelah B	97.9%	97.27%	91.34%
Shuweihat S1	85.9%	96.15%	92.67%
Shuweihat S2[(1)]	96.3%	95.34%	—
Umm al Naar	90.5%	95.44%	93.98%
Fujairah F1	97.2%	95.91%	95.71%
Fujairah F2	85.8%	91.34%	94.07%

Notes:

(1) Data for earlier periods is not available reflecting the fact that the Shuweihat S2 plant only commenced commercial operations in July 2011.

(2) All figures given are averages of monthly averages.

All of the Group's UAE power and water facilities use natural gas as their primary fuel, with natural gas supplied by ADWEC. The natural gas is not charged to the generator. Rather, the generator pays a penalty or receives a bonus, depending upon how efficiently it uses the fuel. Back-up fuel is supplied on a "pass-through" basis pursuant to which the generator purchases the fuel and then passes the cost of the fuel on to the off-taker in the tariff under the relevant PWPA. Each plant must procure its own back-up fuel, in the form of fuel oil purchased from Abu Dhabi National Oil Company ("**ADNOC**"), and in that regard is required to maintain a seven-day fuel oil storage capacity (with the exception of two plants that must maintain larger storage capacities). Back-up fuel oil costs are also "pass-through" to ADWEC under the relevant PWPA for each UAE power and water facility.

ADWEC determines the fuel usage for each of the UAE facilities. During periods of low natural gas availability, a plant may be required to use back-up fuel oil for its operations. Such usage is permissible over extended periods, but extensive use over a long period may lead to higher maintenance costs and increased maintenance requirements, see "*Risk Factors — Factors that may Affect TAQA's Ability to Fulfil its Obligations under Notes Issued under the Programme — Risks relating to the Group's Power Generation and Water Desalination Businesses — Reliance on back-up fuel over extended periods of time may have a material adverse effect on power and water plant operations*".

The Dolphin pipeline, operated by Dolphin Energy Limited, commenced operations in May 2007 and reached full capacity in early 2008. When operating at full capacity, the pipeline carries approximately 2,000 mmscf/d of natural gas from Qatar to the UAE. ADWEA is the principal UAE customer for the gas transported through the Dolphin pipeline and, as a result, problems related to gas shortages experienced by the UAE generation subsidiaries in the period before the pipeline was built were reduced significantly once the pipeline became fully operational. However, demand for natural gas in the UAE continues to increase and ADWEC, as the Group's sole gas procurer in the UAE, continues to face competing priorities and is not always able to make natural gas available to the Group in the quantities required to operate its facilities. In such instances, the UAE generation subsidiaries must rely on back-up fuel to operate their plants. The total consumption of back-up fuel by the Group's UAE generation facilities amounted to 128.6MIG in 2011, 4.1MIG in 2012 and 5.7MIG in 2013.

International power and water assets

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

TAQA also has an interest in a hydro-electric power generation project in India which is not yet producing electricity, see "*— HSPL (India)*" below.

The table below sets out the key aspects of the Group's majority-owned interests in international power and water facilities as of 31 December 2013, that are operated by or through its subsidiaries.

Facility	Location	TAQA's Interest	Partners	Gross Power Capacity	Net Power Capacity	Fuel	Off-taker	Scheduled PPA Termination	Ownership Type
		(%)		*(MW)*					
Jorf Lasfar	Morocco	85.79	—	1,356	1,257	Coal	ONEE	2027(1)	BOOT(2)
Neyveli	India	100	—(3)	250	250	Lignite	TANGEDCO	2032	BOOT
Takoradi	Ghana	90	VRA	220	198	Tri-fuel	VRA	2039(4)	BOO
Red Oak	United States	85	Morgan Stanley	832	707	Natural Gas	PJM Market	N/A	Tolling agreement

Notes:

(1) The JLEC 5&6 PPA termination date is 30 years from Unit 5 Commercial Operation Date, which is expected to be in the first half of 2014.

(2) Build, own, operate and transfer.

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

(4) The Takoradi PPA termination date is the last day of the 25 year-anniversary of the CCGT extension commercial operation date and is currently expected to be 31 December 2039.

Jorf Lasfar (Morocco)

The Jorf Lasfar power plant is a coal-fired plant comprising two 330MW generation units (units 1 and 2) and two 348MW generation units (units 3 and 4) located on the Atlantic Coast of Morocco. The Jorf Lasfar plant is a major power supplier in the Moroccan market, satisfying over half of the country's base-load electricity demand. The Jorf Lasfar facility is owned, operated and maintained by the Group.

Under the Jorf Lasfar PPA, all power generation capacity and power generation is sold to ONEE, Morocco's state-owned off-taker. Coal for the plant is imported from a variety of countries, including Colombia, Indonesia, Poland, Russia, South Africa and the United States. The plant has coal-handling facilities that manage logistics for the landing of coal deliveries received by ship at a neighbouring, purpose-built port. The plant maintains sufficient coal reserves to operate all four units for approximately 40 days without receiving any further shipments of coal. Fuel costs are "pass-through" to ONEE as part of the tariff under the Jorf Lasfar PPA.

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

In January 2013, JLEC 5&6 closed a multi-tranche project financing of the expansion. All tranches are governed by a common terms agreement (the "**Common Terms Agreement**") which restricts the ability of JLEC 5&6 to make distributions to shareholders based on factors such as repayment history and a prescribed order of priority for payments. JLEC 5&6 has made a series of positive and negative undertakings under the Common Terms Agreement, ranging from performance of a designated hedging strategy related to both interest rate and foreign exchange rate risk to limitations on other borrowings, loans and guarantees. The Common Terms Agreement subjects the financing to certain customary events of default, such as insolvency and nationalisation, and includes a cross-default clause linked to other financing agreements.

On 2 December 2013, Jorf Lasfar Energy Company received approval to list on the Casablanca Stock Exchange 14.2% of its issued share capital through an increase of capital and the creation of 3.4 million new shares priced at MAD 447.5 each (with 9.47% of its issued share capital to be sold on the open market and 4.74% to be placed privately with certain Moroccan institutional investors). The subscription period closed on 12 December 2013 and the price per share was MAD 447.5. The transaction successfully raised AED 673 million (equivalent of MAD 1.5 billion) for TAQA. The table below shows the power availability (as a percentage of contracted capacity) for the Jorf Lasfar generation facility for the years ended 31 December 2013, 2012 and 2011.

	Year ended 31 December		
	2013	**2012**	**2011**
Jorf Lasfar	89.8%	91.87%	91.92%

Neyveli (India)

TAQA Neyveli Power Company Pvt Ltd. ("**TNPCL**"), a 99.99%-owned indirect subsidiary of TAQA, was established in November 1993 to develop, own and operate a 250MW lignite-fired power plant near an open-cast lignite mine located in Neyveli, Tamil Nadu, India. The facility was developed and constructed by TNPCL and commenced full commercial operations on 15 December 2002. TNPCL sells the entire capacity of the Neyveli plant to TANGEDCO, the local state government-owned utility, under a 30-year PPA, which was entered into on 4 November 1993. TNPCL is also responsible for the operation and maintenance of the plant and related facilities.

Fuel (lignite) is supplied by Neyveli Lignite Corporation ("**NLC**") under a 30-year fuel supply agreement, with the cost being "pass-through" to TANGEDCO as part of the tariff, see "*Risk Factors — Factors that may Affect TAQA's Ability to Fulfil its Obligations under Notes Issued under the Programme — Risks relating to the Group's Businesses Generally — The Group is substantially* *dependent on a limited number of customers for a significant proportion of its revenue and is also dependent on third party suppliers of fuel to its power and water generation subsidiaries*". The power generation facility has a lignite storage capacity of 75,000 metric tonnes with an average lignite stock on hand of 30,000 metric tonnes. In addition, NLC maintains a stock of at least 50,000 metric tonnes at the mine.

The table below shows the power availability (as a percentage of contracted capacity) for the Neyveli generation facility for the years ended 31 December 2013, 2012 and 2011.

	Year ended 31 December		
	2013	**2012**	**2011**
Neyveli	82.5%	84.28%	85.25%

Takoradi (Ghana)

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

TICO received Ghanaian parliamentary approval in July 2012 to convert the facility from a simple-cycle to a combined-cycle generation facility, which will increase the net generating capacity from 220MW to approximately 330MW. Construction commenced in the third quarter of 2012. TICO entered into third party financing arrangements which closed in November 2012. There are multiple tranches of financing. Although each tranche of financing is subject to certain conditions, all tranches are governed by a common terms agreement (the "**Common Terms Agreement**"), which restricts the ability of TICO to make distributions to shareholders based on factors such as repayment history and a prescribed order of priority for payments. TICO has made a series of positive and negative undertakings under the Common Terms Agreement, ranging from performance of a designated hedging strategy to limitations on other borrowings, loans and guarantees. The Common Terms Agreement subjects the financing to certain customary events of default, such as insolvency and nationalisation, and includes a cross-default clause linked to other financing agreements.

The table below shows the power availability (as a percentage of contracted capacity) for the Takoradi generation facility for the years ended 31 December 2013, 2012 and 2011.

	Year ended 31 December		
	2013	**2012**	**2011**
Takoradi	93.2%	92.45%	70.83%(1)

Note:

(1) Takoradi experienced an unplanned outage in the late summer months of 2011 as a result of a damaged generator rotor.

TAQA Gen-X (United States)

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

HSPL (India)

In December 2012, TAQA acquired a 5% interest in HSPL, which is developing a 100MW hydro-electric power plant in Himachal Pradesh, India. Under the acquisition agreement, TAQA will progressively increase its interest in HSPL (up to 100%) following commissioning of the plant, which is expected to occur in 2014. HSPL intends to sell the electricity generated on a merchant basis and so is not party to any long-term PPA arrangements.

Oil and Gas

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

Upstream exploration and production

The Group has oil and gas exploration, development and production operations in North America, Europe and the Kurdistan Region of Iraq. The Group's North American operations are located in the western Canadian provinces of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario and the Northwest Territories, and in the states of Montana, North Dakota and Wyoming in the northwest United States. The Group's European exploration and production operations consist of assets in the UK North Sea and The Netherlands (both onshore and offshore). The Group's Iraqi exploration operations consist of an operating interest in the Atrush Block in the Kurdistan Region of Iraq.

The Group's exploration and production strategy is focused on optimising the return from its existing asset base. To this end, the Group is pursuing extensive development opportunities related to its exploration land portfolio in North America. The Group has also acquired a number of producing fields across its portfolio of oil and gas assets in Europe and is investing in these fields to enable it to extract oil and gas more efficiently from current reserves, locate additional reserves (within and near to the known fields) and operate the assets more effectively. For example, as a result of these investments, the Group had an average total crude oil, natural gas liquids and natural gas production from its UK North Sea assets of 41.8 mboe/d in 2012, over twice the level of production of those assets prior to their acquisition in 2008. While the Group has improved recovery and added reserves to the development, it has also invested significant capital to improve and enhance infrastructure, creating safer facilities with more facility uptime, as well as greater operational and cost efficiency.

Another important element of the Group's upstream strategy is the use of optimised drilling and completion technologies, as well as disciplined and focused exploration techniques, which enable it to develop and produce crude oil and natural gas more efficiently.

TAQA continues to study selective acquisitions around its existing assets and capabilities to complement the growth of its upstream oil and gas business. In addition to producing assets, TAQA seeks to acquire undeveloped assets through competitive auctions, joint ventures, asset acquisitions or other corporate transactions. For example, on 31 December 2012, TAQA acquired an operating interest in the Atrush Block in the Kurdistan Region of Iraq as part of its strategy of growth within the MENA region.

Exploration and development activities

The Group is involved in both exploration (the search for crude oil and natural gas) and development (the bringing into production of wells). The Group's exploration operations include aerial surveys, geological and geophysical studies (such as seismic surveys), drilling of wildcat wells, core testing and well logging.

Seismic surveys involve recording and measuring the rate of transmission of shock waves through the earth with a seismograph. Upon striking rock formations, the waves are reflected back to the seismograph. The time lapse is a measure of the depth of the formation. The rate at which waves are transmitted varies with the medium through which they pass. Seismic surveys may either be three-dimensional or two-dimensional surveys, the former type generally giving a better and more detailed picture and the latter a better overall picture.

Analysis of the data produced allows the Group to formulate a picture of the underground strata to enable it to form a view as to whether there are any leads or prospects. "**Leads**" are preliminary interpretations of geological and geophysical information that may or may not lead to prospects, and "**prospects**" are geological structures likely to be conducive to the production of crude oil and natural gas. The actual existence of such oil and gas must be confirmed, usually by the drilling of a wildcat well. If the wildcat well confirms the prospect (that is, is considered "**successful**"), the Group may then drill a delineation (or appraisal) well to acquire more detailed data on the reservoir formation. Once hydrocarbons are proven to be present in commercially recoverable quantities, or the delineation well is successful, development wells may be drilled to prepare for production. An area is considered to be developed when it has a well on it capable of producing oil or gas in paying quantities.

Reserves and production

The Group categorises its crude oil reserves as "**proved**" reserves when those quantities are commercially practical to produce in the future based on existing geological and engineering data, forecast prices and economic conditions. Thereafter, the Group may categorise additional reserves from such prospects as proved as and when the Group determines that additional quantities are reasonably certain to be recoverable in the future under existing economic and operating conditions. This practice is defined in TAQA's Corporate Reserves Evaluation Policy and Procedure, consistent with the Society of Petroleum Engineers Petroleum Resources Management System ("**PRMS**") guidelines with respect to such additional reserves, but may be viewed as more conservative than such guidelines with respect to the initial classification of reserves as proved from a particular prospect. Proved reserves do not include hydrocarbons that may be produced as a result of the introduction of new technology (unless such technology has been used successfully before) or changes in prices or economic conditions. The Group's proved reserves are reported on a gross basis, which includes the Group's net working interests and the related host-country interests.

In the case of reserves of natural gas and natural gas liquids, the Group does not consider reserves from particular prospects as proved until the material terms of a sales agreement for natural gas or condensate from such prospect have been agreed with a purchaser.

The Group categorises reserves as "**probable**" when there are additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves. These probable additional reserves are equally likely to have actual remaining quantities recovered which are greater or less than the sum of the estimated proved plus probable reserves ("**2P**"), that is, a 50% probability that the actual quantities recovered will equal or exceed the 2P reserves.

The Group's total proved and probable reserves of crude oil, natural gas liquids and natural gas as at 31 December 2013 were 612.3 mmboe. The Group's overall reserves replacement ratios (including acquisitions) in 2011, 2012 and 2013 were 101%, 126% and 125%, respectively. The Group's reserves replacement ratio is the ratio of additions to 2P reserves in a period divided by production in that period (other than through acquisitions). For further discussion on the Group's reserve base, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Accounting Judgments, Estimates and Assumptions — Oil and Gas Reserves*".

North America — properties

The Group's North American oil and gas business is focused on conventional oil and gas production in the Western Canadian sedimentary basin and in the northwestern United States, creating efficiencies in development while at the same time strengthening existing operating capabilities.

The Group has extensive land holdings in North America with exploration and production rights. As of 31 December 2013, the Group had approximately 1.22 million net producing acres with approximately a further 1.57 million net acres of non-producing land, as well as an interest in approximately 787,000 producing acres and 739,000 non-producing acres (excluding royalty acreages). TAQA's strategy is to realise the full potential of this land base through efficient execution of exploration and development-drilling programmes. As part of that strategy, TAQA will continue to consider acquisitions of land holdings that complement its focus on core operating areas, while disposing of land that is not core to its operations. For example, in each of the years ended 31 December 2011, 2012 and 2013, the Group disposed of non-core assets in North America, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Years ended 31 December 2013, 2012 and 2011 Compared — Other Income and Expense Items — Other income and expenses*". The Group has also engaged in targeted acquisitions of assets that are complementary to the Group's existing activities, including the purchase in October 2012 from NuVista Energy of producing and prospective properties in the Sunchild Upper Mannville area.

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

Crude oil and natural gas leases held by the Group in Canada have been acquired by public auction from the Crown (the provinces of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario and the Northwest Territories) or acquired from private freehold owners by direct negotiation. Crown leases, which comprise the majority of the leases held by the Group in Canada, typically have terms of five years and then revert back to the Crown. If a lease is proven productive at the end of its five-year term (for example, by drilling, mapping or producing), the lease continues beyond its five-year term until the holder can no longer prove that the lease is capable of producing oil and gas or is lost through rental or royalty payment default or by voluntary surrender. In the United States, almost all of the Group's leases are freehold with a three-year primary term after which, unless the lease has been proved productive, it reverts to the original owner. The terms of freehold leases with private owners have varying provisions relating to bonus payments, annual rental fees, royalties and duration. The Group manages its leases to ensure that all properties are reviewed for development potential and either drilled or sold or are attempted to be farmed out in advance of the expiry dates of the leases. Economic conditions required to develop the leases are based on meeting internal rates of return.

The Group's North American oil and gas assets are divided into four main categories: North, East, West and Mature. The critical appraisal and development activities for the Group are concentrated in the North, East and West asset teams, while the Mature group focuses on optimising the existing operations with minimal direct capital investment. Mineral rights ownership is varied across the lands in the four asset groups and includes both operated and non-operated producing properties.

The North asset team focuses on appraisal and development of the Montney wet gas reserves and resources located in the Pouce Coupe and Pass Creek land blocks in northwest Alberta. In total, the Group's assets in this area span over 400,000 gross (200,000 net) acres, of which 117,000 net acres are non-producing and approximately 86,000 net acres are producing. The Group's oil and natural gas production facilities in the North consist mainly of well site separation and dehydration, low pressure gas-gathering systems, oil batteries and compressor stations. The Group also owns and operates a strategic gas plant at Valhalla, as ownership of gathering system infrastructure and hydrocarbon processing capacity provides an operational advantage in this area. Where the Group does not own the gas plants or processing facilities, its gas-gathering systems are connected to processing plants operated by other operators.

The East asset team focuses on development of the Wilson Creek Glauconite play and appraisal of the Caroline Lower Mannville formation, covering a contiguous area in West Central Alberta south and west of Edmonton, Alberta. The Group's land base in this area is approximately 655,000 gross (400,000 net) acres, of which slightly more than 200,000 net acres are non-producing and approximately 200,000 net acres are producing. The Group's crude oil and natural gas production facilities in the East area consist of well site separation and dehydration, extensive gas-gathering systems, and field and booster compressor stations. The Group operates several gas plants in the areas including Bearberry, Caroline and Sundre, and has a working interest in several non-operated gas plants.

The West area also falls within West Central Alberta (west and north of the East assets) and consists of a large geographically focused group of assets located south and west of Edmonton, Alberta containing the Sunchild Upper Mannville wet gas development and Cardium oil development. In total, the Group's properties in this area span approximately 700,000 gross (380,000 net) acres, of which slightly more than 135,000 net acres are non-producing and approximately 245,000 net acres are producing. The Group's crude oil and natural gas production facilities in the West area consist of well site separation and dehydration, extensive gas-gathering systems, and field and booster compressor stations. The Group operates several gas plants in the areas including Blue Rapids and Columbia, and has a working interest in several non-operated gas plants. It also operates several central multi-well oil batteries including water disposal facilities.

The Mature area stretches across northeastern British Columbia through southwest Saskatchewan and into the states of Montana, North Dakota and Wyoming in the north western United States. These assets produce over 25% of the Group's North American production and, while vitally important, they are not the focal point of the Group's capital investment programme. In total, the Group's properties in this area span approximately 2.5 million gross (1.8 million net) acres, of which 1.1 million net acres are non-producing and approximately 690,000 net acres are producing. The Group's operated natural gas production facilities in the Mature area consist of gas-processing plants at East Crossfield, Sousa, Chinchaga and Whitecourt. The Group's low pressure gas-gathering systems and field compression stations are connected to processing infrastructure operated by both itself and other operators. There are central, multi-well oil batteries at southern Alberta with significant non-operated oil production in southwest Saskatchewan, while the oil production in the United States is generally connected by pipeline to major oil transmission systems from single or multi-well batteries.

North America — reserves and production

As of 31 December 2013, the Group had proven plus probable reserves in North America of 443.5 mmboe consisting of 1,845 bcf of natural gas and 136 mmbbls of oil and natural gas liquids.

The table below gives details of the Group's reserves in North America as at 31 December 2013.

	Crude oil	Natural gas liquids	Natural gas	Barrels of oil equivalent
	(mmbbls)	*(mmbbls)*	*(bcf)*[1]	*(mmboe)*
Proved reserves	44.0	29.0	930.0	228.0
Probable reserves	35.0	28.0	915.0	215.5
Total reserves	79.0	57.0	1,845.0	443.5

(1) Figures can be converted into barrels of oil equivalent by dividing by six.

The Group's North American reserves replacement ratios in 2011, 2012 and 2013 were 114% 129% and 0%, respectively.

In 2013, the North American properties produced 87.1 mboe/d on average of crude oil, natural gas liquids and natural gas, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Results of Operations — Factors Affecting the Group's Revenue — Oil and gas sales revenue*".

The Group has entered into a range of sale and purchase agreements in relation to its North American crude oil and natural gas production. The pricing mechanism for these agreements is generally based on the spot price for the relevant commodity at the time of delivery to the purchaser, although the Group does have one natural gas sale and purchase agreement where the price is fixed subject to a yearly escalator. This contract expires in December 2014 and relates to a volume of 8.7 mmcf/d.

Almost all of the Group's North American crude oil production is sold on the basis of 30-day evergreen contracts based on the price of crude oil set by the oil industry's exchange traded monthly weighted average indices.

In addition to its North American oil and gas reserves, the Group's largest gas production facilities in North America are:

Facility	Location	Capacity	Throughput
East Crossfield Sour Gas Facility	Alberta, Canada	70 mmcf/d	48 mmcf/d
Sundre Gas Facility with Liquids Recovery	Alberta, Canada	44 mmcf/d	30 mmcf/d
Chinchaga Gas Facility	British Columbia, Canada	50 mmcf/d	20 mmcf/d
Blue Rapids Gas Facility	Alberta, Canada	30 mmcf/d	21 mmcf/d
Whitecourt Gas Facility	Alberta, Canada	58 mmcf/d	20 mmcf/d
Bearberry Gas Facility	Alberta, Canada	40 mmcf/d	16 mmcf/d

Europe — properties

In Europe, the Group's areas of exploration and production are the UK North Sea (offshore) as well as The Netherlands (onshore and offshore). The Group's licences in relation to its UK North Sea assets have varying terms depending on the type of interest held. Typically, where a Group company is the operator of a field, the Group is responsible for a portion (based on its equity share) of the abandonment and/or decommissioning costs in relation to platforms, pipelines, sites and wells, see "*Risk Factors — Factors that may Affect TAQA's Ability to Fulfil its Obligations under Notes Issued under the Programme — Risks Relating to the Group's Business Generally — The Group could incur significant decommissioning costs in relation to its facilities*".

Within the UK, TAQA is aiming to increase the number of assets where the Group is the operator. As operator, the Group has the benefit of control over the operation and risk management of such assets, but also assumes the related liabilities of such assets as primary duty holder. Group companies are currently the duty holder of installations in the Tern, Eider, North Cormorant, Cormorant Alpha and Harding platforms in the North Sea.

The table below shows the working interest in TAQA's European crude oil and natural gas assets and identifies the operator of each asset.

Asset	Oil/Gas	TAQA Working Interest	Operator
UK North Sea			
North Cormorant	Oil	100%	TAQA Bratani
Cormorant Alpha	Oil	100%	TAQA Bratani
Eider	Oil	100%	TAQA Bratani
Tern	Oil	100%	TAQA Bratani
Pelican	Oil	100%	TAQA Bratani
Kestrel	Oil	100%	TAQA Bratani
Hudson	Oil	26.7%	Dana
Otter	Oil	100%	TAQA Bratani
Falcon	Oil	100%	TAQA Bratani
Cormorant East	Oil	60%	TAQA Bratani
Brent System Pipeline	Oil	16%	TAQA Bratani
Sullom Voe Terminal	Oil	24%	BP
Exploration P.184, P.474 and P.1634(Darwin/ NW Hutton)	Oil	50%	TAQA Bratani
Exploration P.201 (Kerloch and Rest of Block)	Oil	35%	TAQA Bratani
Exploration P.205	Oil	60%	TAQA Bratani
Exploration P.1633	Oil	20%	MPX Limited
Exploration P.1680	Oil	45%	TAQA Bratani
Exploration P.1774	Oil	60%	TAQA Bratani
Exploration P.1812	Oil	50%	TAQA Bratani
Exploration P.1969	Oil	50%	TAQA Bratani
Exploration P.1995	Oil	50%	TAQA Bratani
Exploration P.2017	Oil	70%	TAQA Bratani
Cladhan	Oil	40.1%	TAQA Bratani
Brae — Block 16/17a	Oil/Gas	43.3%	Marathon Oil UK Limited
East Brae	Oil/Gas	47.8%	Marathon Oil UK Limited
Braemar	Oil/Gas	3.2%	Marathon Oil UK Limited
Harding	Oil/Gas	70%	TAQA Bratani
Morrone	Oil/Gas	70%	TAQA Bratani
Maclure	Oil/Gas	37.037%	Maersk Oil UK Limited
Devenick	Oil/Gas	88.7(1)%	TAQA Bratani
SAGE Pipeline	Gas	22.85%	Exxon Mobil(2)
SAGE Terminal	Gas	22.85%	Exxon Mobil(2)
Middelie Onshore	Gas	80%	TAQA Energy
P/15 and P/18 offshore	Gas	Various	TAQA Energy
Bergen onshore	Gas	36%	TAQA Energy
Rijn Field	Oil	38.34%	TAQA Energy
L-8D	Gas	17.9%	Oranje Nassau EnergieCirrus
F3FB	Gas	23.4%	GDF Suez
Q1/P9	Oil/Gas	Various	Chevron
G14	Gas	7%	GDF Suez
A/B	Gas	3.9%	Chevron
Discovery appraisal			
F17	Oil	5%	Wintershall
Development: Q13a Amstel, first production Q4 2013	Oil	10%	GDF Suez
Development: Q16 Maasfield, first production Q2 2014	Gas	10%	Oranje Nassau Energie
Q1 Block	Gas	9-12%	Wintershall
M7	Gas	5%	Oranje Nassau Energie

Notes:
(1) After giving effect to the revenue sharing agreement, TAQA is entitled to 17.74% of the net revenues.
(2) Transfer pending to Apache.

Europe — reserves and production

The UK North Sea properties had proven plus probable reserves of 142.3 mmboe as at 31 December 2013, consisting of 134 mmbbls of crude oil and natural gas liquids, and 49.5 bcf of natural gas. The Netherlands' proven plus probable reserves were 14.1 mmboe as at 31 December 2013, consisting of 58.9 bcf of natural gas and 4.3 mmbbls of crude oil and natural gas liquids.

The tables below gives details of the Group's reserves in the UK North Sea and The Netherlands as at 31 December 2013.

	Crude oil	Natural gas liquids	Natural gas	Barrels of oil equivalent
	(mmbbls)	*(mmbbls)*	*(bcf)*[(1)]	*(mmboe)*
UK North Sea				
Proved reserves	77.9	1.9	38.7	86.3
Probable reserves	53.7	0.5	10.8	56.0
Total UK North Sea reserves	**131.6**	**2.4**	**49.5**	**142.3**

(1) Figures can be converted into barrels of oil equivalent by dividing by six.

	Crude oil	Natural gas liquids	Natural gas	Barrels of oil equivalent
	(mmbbls)	*(mmbbls)*	*(bcf)*[(1)]	*(mmboe)*
The Netherlands				
Proved reserves	2.6	0.3	41.9	9.9
Probable reserves	1.1	0.3	17.0	4.2
Total Netherlands reserves	**3.7**	**0.6**	**58.9**	**14.1**

(1) Figures can be converted into barrels of oil equivalent by dividing by six.

The Group's UK reserves replacement ratios including acquisitions in 2011, 2012 and 2013 were 98%, 121% and 288%, respectively. The Group's reserves replacement ratios in The Netherlands in 2011, 2012 and 2013 were 97%, 86% and 86%, respectively. The Group no longer calculates its organic reserves replacement ratio.

In the year ended 31 December 2013 and reflecting the shut-in at Cormorant Alpha, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Years Ended 31 December 2013, 2012 and 2011 Compared — Revenue — Oil and Gas*", the Group's UK North Sea properties produced 47.0 mboe/d on average. The average daily production from the Group's Netherlands properties in 2013 was 8.2 mboe/d.

Approximately 90% of the Group's UK North Sea production is crude oil, with the balance being natural gas. In The Netherlands, approximately 86% of the Group's production is natural gas, with the remainder being crude oil.

The Group has three annual sale and purchase agreements in place in relation to its UK North Sea production, two relating to crude oil production with a pricing mechanism related to the average monthly Platts' price for Brent crude and Forties crude, respectively, and the third relating to its natural gas production which is predominantly sold on the spot market. The Group's Netherlands' crude oil production is sold under a sale and purchase agreement where the price is based on Brent spot, whilst the Group's Netherlands natural gas production is sold to Gas Terra at a price based on the normalised index price ("**NIP**"), which is calculated from a rolling average of a range of indicators.

Kurdistan Region of Iraq — Properties

On 31 December 2012, the Group acquired a 53.2% operating interest in the Atrush Block in the Kurdistan Region of Iraq. The KRG has since exercised its option of participation in the Atrush exploration block, resulting in a decrease of the Group's and its partners' respective participating interests. The Group's participating interest following the completion of the KRG exercise may decline to a minimum of 39.9%. Negotiations are ongoing with the KRG for the Group to increase its participating interest to up to 44.9%, but there can be no assurance that these negotiations will be successful. The Atrush Block covers roughly 270km^2 and is located in the Taurus Mountains approximately 90km northwest of the city of Erbil. Partners in the venture include Marathon Oil, ShaMaran Petroleum and the KRG. The interests in the block are governed by a Production Sharing Contract executed in 2007. Three wells have been drilled on the block and drilling for a fourth well commenced in the fourth quarter of 2013. The previous operator filed a Declaration of Commerciality with the KRG in November 2012 that triggered a series of developments that will ultimately lead to commercial oil production from the block. TAQA submitted a Field Development Plan in May 2013 that was subsequently approved by the Ministry of Natural Resources in September 2013. The approval relates to Phase 1 of the ultimate development. The Phase 1 development will include the construction of a 30,000 bpd central processing facility, the drilling and completion of three wells that will produce to this facility and the installation of all of the necessary gathering systems, pipelines and infrastructure required to deliver product to market and run the operation in a safe and efficient manner.

Kurdistan Region of Iraq — Reserves and Production

There is currently no production from the Atrush Block. Production is expected to commence in 2015 with delivery of product to the export markets expected to be made through a pipeline into Turkey constructed by the KRG. The pipeline is now in service.

The table below gives details of the reserves attributable to the Group's interest in the Atrush Block as at 31 December 2013.

	Crude oil	Natural gas liquids	Natural gas	Barrels of oil equivalent
	(mmbbls)	*(mmbbls)*	*(bcf)*[(1)]	*(mmboe)*
Kurdistan Region of Iraq				
Proved reserves	9.7	0	0	9.7
Probable reserves	2.8	0	0	2.8
Total Kurdistan Region of Iraq reserves	**12.5**	**0**	**0**	**12.5**

(1) Figures can be converted into barrels of oil equivalent by dividing by six.

Midstream oil and gas storage, processing and transport

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

TAQA recognises the potential of gas storage as an important part of the Group's midstream oil and gas business and intends to focus on two key growth projects: expanding the peak gas installation in Alkmaar (''**PGI Alkmaar**'') and completing the development of the Bergermeer facility. Both facilities are located onshore in The Netherlands, with PGI Alkmaar being operational since 1996 and Bergermeer in the construction phase. When completed, the Bergermeer project is expected to significantly enhance the Group's presence in the gas storage market in northwestern Europe.

The commercial rationale behind the development of gas storage facilities is to facilitate third parties taking advantage of the seasonal natural gas price differential in Western Europe, which results principally from the use of natural gas for heating leading to higher natural gas demand in the winter. Natural gas storage and/or trading companies seek to leverage the excess supply of lower priced natural gas in summer by storing such natural gas with a view to reselling it in winter at higher prices. The Group's Bergermeer project is intended to provide significant additional capacity to inject, store and provide natural gas to the market.

The Netherlands midstream assets

PGI Alkmaar

PGI Alkmaar is a peak shaving natural gas storage facility operated by the Group. The Group, through TAQA Energy B.V., has a 36% interest in the facility, with the other stakeholders being EBN B.V. (''**EBN**''), an entity controlled by the Dutch government which has a 40% interest in the facility, and Dyas B.V. and Dana Petroleum Netherlands B.V., each of which has a 12% interest in the facility. PGI Alkmaar was the first peak shaver in The Netherlands designed and built specifically to provide security of supply using stored natural gas. PGI Alkmaar is designed to meet peak demand in the west of The Netherlands during winter and to meet emergency natural gas supply requirements in the event of network interruptions.

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

Bergermeer

The Bergermeer project, in which TAQA holds a 60% stake, is the conversion by the Group and its partner, EBN, of the nearly depleted Bergermeer gas field into what is expected to be one of northwest Europe's largest underground gas storage facilities, with a working volume of 4.1 bcm. Bergermeer is strategically located at a crossroads of gas export routes from Russia (such as Nordstream, which is controlled by Gazprom) and Norway to northwest Europe. The execution of this project is facilitated by using and expanding on the Group's existing expertise gained from successfully constructing and operating PGI Alkmaar, as well as the Group's drilling and reservoir management capabilities. Significant capital investment is required to build the facility (which includes a processing and compression plant), drill an additional 14 wells and construct pipelines which will connect the wells to the compression and processing facility and on to the gas distribution network.

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

Once completed, the Group will be the operator of the Bergermeer facility, which is expected to remain in service for 40 to 50 years. The Bergermeer facility is an open access natural gas storage facility, which means that the majority of the storage capacity will be made available to the market through negotiated third party access rights.

The Bergermeer project is at an advanced stage of its development, with the technical design complete, injection of cushion gas nearly complete, connecting pipelines installed and construction underway. The final approvals and permits to construct and operate the gas storage facility were received from the Dutch Minister of Economic Affairs, the Dutch Minister of Infrastructure and the Environment and other authorities on 19 May 2011. These approvals and permits were upheld in a final non-appealable decision of The Netherlands Council of State on 2 May 2012. In 2011 and 2012, successful open seasons were held in which 50% of the available capacity, apart from the Gazprom capacity entitlement, was sold on long-term contracts of between three and 10 years. Bergermeer started operations with partial capacity in April 2014 and TAQA currently expects that full commercial operations will start in April 2015, see "*Risk Factors — Factors that may Affect TAQA's Ability to Fulfil its Obligations under Notes Issued under the Programme — Risks Relating to the Group's Business Generally — The Group's projects under construction may not commence operation as scheduled or within budget or may not meet project specifications*".

DSM Energie

In 2009, TAQA acquired DSM Energie from Royal DSM N.V. In addition to interests in certain producing fields, the assets held by DSM Energie which were acquired by TAQA include non-Group operated interests in the pipeline company Noordgastransport and three other pipelines. Following a strategy review, TAQA sold its 40% interest in Noordgastransport in December 2013. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Results of Operations — Significant Acquisitions and Asset Transfers between 1 January 2011 and 31 December 2013 — Acquisitions*".

UK North Sea terminals and the Brent system

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

The Sullom Voe oil terminal is a 1,000 acre site that contains 16 storage tanks with 9 mmbbls of total capacity. It also connects to three oil pipelines flowing from the northern North Sea — the Brent system, Ninian and Clair — and to two gas pipelines. The site has a throughput design capacity of 1.4 mmbbls/d.

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

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

North America — East Cantuar gas storage facility and Alliance pipeline

The Group's 50% interest in the East Cantuar gas storage facility in Canada and its position on the Alliance pipeline system are legacy interests following acquisitions made in 2007.

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

The Group has a transportation obligation to ship 75 mmcf/d of gas on the Alliance pipeline system until 2015. The Group's North American assets produce approximately 60 mmcf/d of proprietary gas that is connected to the Alliance pipeline system, and the Group fulfils the remainder of its transportation obligation by purchasing it on the daily spot market. The Group sells the gas it transports under its transportation obligation in the Chicago market, which is the end delivery point for the Alliance pipeline.

Energy Solutions

TAQA's Energy Solutions business stream was formed in January 2012 and develops alternative and technology-driven energy initiatives. The goals include: (i) introducing and developing transformational solutions for energy production and generation; (ii) originating, executing, and operating alternative energy projects; (iii) establishing the Group as a technology- and innovation-driven organisation; and (iv) accessing untapped development opportunities in the alternative energy market.

In July 2013, the Group acquired a 50% interest in LWP Lessee, LLC from a subsidiary of EDF Renewable Energy, Inc. ("**EDF**"). Marubeni Corporation holds the remaining 50% interest in LWP Lessee, LLC. LWP Lessee, LLC leases a 205.5MW operating wind farm located in Lakefield, Minnesota (USA) under a long-term lease agreement, and sells the whole of the output generated by the wind farm to the Indianapolis Power & Light Company under the terms of a power purchase agreement. Affiliates of EDF continue to provide LWP Lessee, LLC with certain operation, maintenance and administration services in relation to the wind farm.

Energy Solutions is also pursuing a number of other initiatives. For example, Morocco has been identified as one of the key markets in which TAQA would like to grow the Group's energy business, and renewable energy is an area in which Morocco is currently relatively active. As such, the Group and two partners have pre-qualified to submit a bid to ONEE to build, own and operate up to 850MW of wind energy projects.

In the UAE, TAQA has entered into a memorandum of understanding with the Abu Dhabi Centre of Waste Management to develop a 100MW waste-to-energy project in the Emirate of Abu Dhabi and is looking at other similar opportunities if the initial project is successful.

Other Investments

Sohar Aluminium — Oman

TAQA owns 40% of Sohar Aluminium, a company organised in Oman. Sohar Aluminium owns and operates an aluminium smelter in Oman that currently produces approximately 360,000 tonnes of aluminium per year. Sohar Aluminium also owns and operates a 1,000MW power generation facility with 75% of the output from the facility dedicated to the smelter and the remaining capacity held in reserve and subject to despatch by the operator of the Omani electrical distribution grid. Sohar Aluminium is currently reviewing the possible expansion of the smelter facility.

Al Wathba

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

Jubail — Saudi Arabia

TAQA holds a 25% interest in the Jubail power plant in Saudi Arabia. National Power Company, a joint venture established by Al-Zamil & Brothers Co. and Elseif Co., holds the remaining 75% interest in the plant. The Jubail plant is a co-generation facility which has a generation capacity of 260MW and steam production capacity of 510 tonnes per hour.

Takaful Wataniya

TAQA holds a 6.74% equity interest in National Takaful Company (Wataniya), a UAE company that was recently formed for the purpose of providing Shari'ah compliant insurance products. The shares of this company are traded on the Abu Dhabi Stock Exchange.

HEALTH, SAFETY, SECURITY, ENVIRONMENTAL REGULATIONS AND COMPLIANCE

TAQA is committed to health, safety, security and environmental ("**HSSE**") performance. TAQA strives to achieve its goals of no harm to people, provide a safe and secure workplace, and demonstrate respect for the natural environment by minimising its operational impacts.

Through TAQA's worldwide network of HSSE staff, TAQA assures the application of consistent HSSE management oversight, cohesive policies, key processes, and performance reporting during the acquisition, integration/optimisation, project design/construction, and operational phases of TAQA's business.

Ensuring the health, safety and security of its employees and environmental compliance are operational priorities for the Group. The Group has dedicated HSSE personnel, both at its headquarters in Abu Dhabi and throughout its operating businesses. Specific elements of the Group's commitment to HSSE include:

- ensuring compliance with all applicable HSSE related laws and regulations through specific HSSE policies, procedures and guidelines, including those tailored for specific business units;
- adoption of, and compliance with, international and industry standards and best practices;
- building and enhancing an HSSE compliance culture where all Group personnel from managers to workers are committed to, and accountable for, compliance with the Group's HSSE policies and procedures;
- empowering employees to identify, investigate and resolve underlying causes of HSSE incidents and near misses;
- providing sufficient resources, training, equipment and controls to ensure a safe and secure working environment;
- seeking opportunities to mitigate the Group's impact on the environments in which it operates, including energy and resources conservation in its operations;
- ensuring the security of the Group's assets, business activities, employees and other stakeholders;
- conducting regular audits and assessments to evaluate compliance with global HSSE standards, processes and regulatory requirements;

- supporting the development and acquisition activities of the Group through participation in due diligence and post-merger integration/optimisation activities regarding HSSE matters; and
- communicating openly with all stakeholders regarding the Group's HSSE performance.

TAQA strives for continuous improvement by regularly tracking and reviewing HSSE-related information on fines, notices, violations, environmental expenditure, reserves for remediation and other relevant matters.

Significant Recent HSSE Events

Harding Platform

On 27 February 2014, a TAQA employee suffered a fatal accident after falling overboard during a maintenance activity on the platform. At this time investigations into this incident are ongoing.

Jorf Lasfar Expansion Project

On 1 March 2013, during construction and pre-commissioning activities at the Jorf Lasfar Power Plant expansion project in Morocco, a contractor, whilst under the direction and supervision of the contracting company, suffered a fatal accident during a hydrostatic pressure test of a circulating water intake pipeline.

In addition to implementing a number of safety construction related actions to prevent this incident from happening again, the investigation highlighted the necessity of following safety procedures at all times and for constant vigilance by the entire workforce for every project.

Cormorant Alpha Platform

In the first quarter of 2013, TAQA Bratani experienced two separate hydrocarbon leaks in one of the legs of its Cormorant Alpha platform. While each leak resulted in a shutdown and subsequent evacuation of non-essential personnel from the platform, none of the hydrocarbons were released to the environment due to the secondary-containment construction design of the Cormorant Alpha platform legs. The releases resulted in the precautionary closure of the Brent pipeline for a few days after each release. Cormorant Alpha's own production, normally at approximately 7,000 to 10,000 bpd, remained shut-in for repairs for an extended period, with the last well coming online in August 2013.

As a result of these incidents an improved leak detection inspection programme has been implemented for all of TAQA's offshore assets.

INSURANCE

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

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

TAQA has a fully owned insurance subsidiary, TAQA Insurance Limited ("**TIL**"), which is domiciled in Guernsey and regulated by the Guernsey Financial Services Commission. TIL is used to consolidate insurable risk across the Group in order to simplify procurement and gain from economies of scale. TIL has the benefit of a parent company guarantee from TAQA up to an aggregate limit of U.S.$25 million, which is consistent with the amount of risk retained by TIL.

TAQA makes claims under its insurance policies from time to time. Certain insurance claims are currently outstanding, but TAQA does not believe that any of the claims, if rejected or not paid in full, would be likely to have a significant adverse effect on the financial position or profitability of the Group.

EMIRATISATION

While TAQA meets current requirements with respect to the employment of UAE nationals in its headquarters office, TAQA is committed to continuing to increase the number of UAE nationals working in TAQA's headquarters as well as its global assets. As such, training and recruitment of UAE nationals is one of TAQA's major objectives, and it supports a number of efforts to develop and train its UAE staff, including being the first non-accounting entity in the UAE to offer an Associate Chartered Accounting training programme.

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

EMPLOYEES AND PENSIONS

As of 31 December 2013, TAQA, together with its subsidiaries, had 3,211 full-time employees and in excess of 1,197 contract workers worldwide. All of the employees of the Power and Water business in the UAE are employed by the energy companies that operate the facilities, rather than by the Group.

The chart below presents a breakdown of TAQA's employees as at 31 December 2013:

	Employees
TAQA	141
Umm al Naar(1)	335
Shuweihat S1(1)	153
Shuweihat S2(1)	103
Taweelah A1(1)	205
Taweelah A2(1)	101
Taweelah B(1)	275
Fujairah 1(1)	118
Fujairah 2(1)	105
Jorf Lasfar	446
Neyveli	140
Takoradi	70
TAQA Energy	140
TAQA Bratani	291
TAQA North	586
Total	**3,211**

Note:

(1) Principally comprises employees from the respective operation and maintenance companies which TAQA counts as TAQA employees even though the operating and maintenance companies are also owned by other partners.

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

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

The Group believes that its relationship with its employees is satisfactory.

MANAGEMENT

DIRECTORS

TAQA's Board of Directors (the "**Board**") comprises six directors and a chairman with a broad range of backgrounds, expertise and commercial experience. Each director is appointed for a term of three years and, at the end of that period, the Board may be reconstituted.

The Board is formed taking into consideration an appropriate balance between executive, non-executive and independent directors. At all times, at least one-third of the directors are required to be independent, and a majority of the directors are required to be non-executives who have technical skills and experience that benefit TAQA. The Board meets in person on a periodic basis pursuant to a formal schedule.

As of the date of this document, the members of the Board are as set out below.

Name	Position
His Excellency Saeed Mubarak Al Hajeri	Chairman
Salem Sultan Al Dhaheri	Director
Abdulaziz Abdulrahman Al Hemaidi	Director
Khaled Abdulla Al Mas	Director
Mohammed Butti Khalfan Al Qubaisi	Director
Mohammed Abdulrahman Bandooq Mohammed Al Qamzi	Director
Ahmed Khalifa Mohammed Obaid Al Mehairi	Director

His Excellency Saeed Mubarak Rashed Saeed Al Hajeri, Chairman of the Board

TAQA Board Member since 2011

His Excellency Saeed Mubarak Rashed Saeed Al Hajeri was elected Chairman of the Board in 2014 and has served on the Board of TAQA as a Member since 2011. He holds a Bachelor of Business Administration from Lewis and Clark College, USA, is a qualified Chartered Financial Analyst, and attended the Executive Education Programme at Harvard Business School, USA. He has more than 19 years experience in international finance. He was distinguished and elected by the World Economic Forum in 2007 as one of the top 250 Young Global Leaders for his contribution to the Public and Financial Sectors in the UAE. He is currently Executive Director, Information Technology Department in ADIA. In addition, His Excellency is a governor of the Board of CFA Institute and a member of the Executive Advisory Boards of MSCI Barra and Zayed University. He also serves on the boards of various other Abu Dhabi and UAE government entities.

Salem Sultan Obaid Sultan Al Dhaheri

TAQA Board Member since 2011

Salem Sultan Obaid Sultan Al Dhaheri was elected to the Board in 2011. He is currently Deputy Director at ADIA, having held various positions since joining the company in 1993. A Certified Public Accountant, Mr Al Dhaheri graduated with a Bachelor of Science Degree in Accounting from Metropolitan State College in Denver, USA. He is also a member of several public and private companies' Board and Audit Committees. He is a member of the Illinois CPA Society, the American Institute of Certified Public Accountants and the Institute of Leadership and Management in the United Kingdom.

Abdulaziz Abdulrahman Mubarak Al Hemaidi

TAQA Board Member since 2011

Mr. Abdulaziz Abdulrahman Mubarak Al Hemaidi was elected to the Board in 2011. He is a Civil Engineering graduate from UAE University, who joined ADWEA in 1997. Since then he has held a number of key positions and is currently an Advisor at Al Ain Distribution Company. Prior to that, he was Managing Director at ADWEC and Abu Dhabi Distribution Company. Before joining ADWEA, Mr Al Hemaidi held positions at Abu Dhabi Health Services Company, Al Ain International Airport and the Privatisation Committee for Water and Electricity Sector of the Emirate of Abu Dhabi.

Khaled Abdulla Al Mas

TAQA Board Member since 2014

Khaled Abdulla Al Mas was elected to the Board in 2014. He is Chairman of the Board of Directors of Imass Investment and Vice-Chairman of the Board of Directors of Manazel. He is also a Board Member of the National Health Insurance Company and Das Holding. He previously held the positions of Director-General of United Group Holdings, Assistant Director-General of the Abu Dhabi Investment Company, and Director-General of the Abu Dhabi National Foodstuff Company (Foodco). He holds a Bachelor's degree in Business Administration from the United States.

Mohammed Butti Khalfan Al Qubaisi

TAQA Board Member since 2014

Mohammed Butti Khalfan Al Qubaisi was elected to the Board in 2014. He is Director of Exploration and Production at ADNOC and has worked at the company for more than three decades. He serves as Board Member of ZADCO, ADCO ADMA-APCO, NDC and Environment Agency – Abu Dhabi. He holds a Bachelor's degree in Petroleum Engineering from Louisiana Tech University.

Mohammed Abdulrahman Bandooq Mohammed Al Qamzi

TAQA Board Member since 2014

Mohammed Abdulrahman Bandooq Mohammed Al Qamzi was elected to the Board in 2014. He is Director of Research and Business Development at IPIC. Prior to joining IPIC in 2011, he worked at Abu Dhabi Securities Exchange, Qatar Abu Dhabi Investment Company and Oasis International Energy. Mr Al Qamzi holds a Bachelor's degree in Finance from California State University.

Ahmed Khalifa Mohammed Obaid Al Mehairi

TAQA Board Member since 2014

Ahmed Khalifa Mohammed Obaid Al Mehairi was elected to the Board in 2014. He is a Principal Investment Analyst at Abu Dhabi Investment Council. From 2005 to 2008, he worked as Investment Analyst at the Department of the Far-East at ADIA. He is a Board Member of Aldar Properties and was previously a Board Member of Sorouh Real Estate and Aseel Finance and Vice President of Foodco Holding. Mr Al Mehairi holds a Bachelor of Commerce degree from Concordia University in Canada.

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

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

The total remuneration paid to the Directors for the services rendered for the year ended 31 December 2013 amounted to AED 6,000,000, which amount was recommended and approved at, and paid following, the annual general meeting in April 2014.

EXECUTIVE MANAGEMENT

The Board has delegated the day-to-day management of the Group to executive officers appointed by the Board. As of the date of this document, the members of TAQA's executive management are as follows:

Name	Position	Date of Appointment
Edward La Fehr	Chief Operating Officer	22 April 2014
Stephen Kersley	Chief Financial Officer	22 May 2011
Frank Perez	Executive Officer, Head of Power and Water	1 April 2010
Saif Al Sayari	Executive Officer, Head of Energy Solutions	19 January 2012
Michael McGuinty	General Counsel and Company Secretary	2 January 2014

Edward La Fehr was been appointed as Chief Operating Officer in April 2014. Mr La Fehr joined TAQA in 2012 as president of the company's North American operations. Prior to joining TAQA, Mr La Fehr was Senior Vice President at Talisman Energy Inc, with responsibility for its

Canadian business. He has over 32 years' experience in the energy industry and has worked in a variety of locations in North America as well as Scotland, Egypt and Trinidad & Tobago. He began his career in subsurface exploration and development in the 1980s with Amoco in Denver. Mr La Fehr holds a Master of Science in Geophysics from Stanford University and a Master of Science in Mineral Economics from the Colorado School of Mines. He has been an active member of the American Association of Petroleum Geologists (AAPG), the Society of Exploration Geophysicists (SEG) and the International Association of Energy Economics (IAEE) for many years and he is a United States national.

Stephen Kersley joined TAQA as Chief Financial Officer in May 2011. Mr Kersley joined TAQA following 23 years' experience in corporate finance, strategic planning and management with Royal Dutch Shell based in the United Kingdom, The Netherlands, China, Syria and Indonesia. During this time, he held a variety of positions in corporate finance, strategic planning and financial management. Most recently, he worked as Vice President of Finance for Shell's Global Lubricants business based in the United Kingdom. Before his time at Shell, Mr Kersley worked for KPMG, where he qualified as a chartered accountant. Mr Kersley holds an LLB from Birmingham University and is a Chartered Accountant. Mr Kersley is a UK national.

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

Saif Al Sayari is Executive Officer of Energy Solutions. Dr Al Sayari joined TAQA in 2010 as Vice President Operations Technology and Innovations for TAQA's Oil and Gas business stream and was named Executive Officer, Head of Energy Solutions in January 2012. He has more than 12 years' experience in the energy business, having previously worked at Abu Dhabi National Oil Company (ADNOC) where he held a variety of technical and managerial positions. Dr Al Sayari holds a PhD in Petroleum Engineering from Imperial College London and is a UAE national.

Michael McGuinty joined TAQA on 2 January 2014 as General Counsel and Company Secretary. Mr McGuinty previously worked at Schlumberger for 18 years where he held a series of senior legal positions in the Middle East, Europe and North America including Director of Legal Operations, Deputy General Counsel, Corporate and M&A, and, most recently, Director of Compliance. Prior to Schlumberger, Mr McGuinty practiced corporate and commercial law in Canada and France. He has a Bachelor of Laws (LLB) and Bachelor of Civil Law (BCL) from McGill University in Canada, and a Bachelor of Social Sciences from the University of Ottawa. Mr McGuinty is fluent in French and Spanish, and he is a Canadian and Spanish national.

CORPORATE GOVERNANCE

With the help of an international consulting firm, TAQA has established a corporate governance framework, supported by a system of internal controls, which it believes is based on international best practices.

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

Committees

TAQA currently has two Board committees, the Audit Committee and the Nomination and Remuneration Committee. Each committee consists of at least three non-executive directors, of whom at least two members are required to be independent directors, and each committee is chaired by an independent director. The Chairman of the Board may not be a member of either committee.

Audit Committee

Appointment of committee members is pending following TAQA's Annual General Meeting on 22 April 2014 and the consequent changes to the composition of the Board of Directors.

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

- establishing guidelines and procedures for appointing an external auditor and for auditing the Group's operating and financial activities in order to safeguard its assets and to protect its shareholders' interests;
- assessing the accuracy of expenditure reports, costs, and financial statements;
- ensuring that the Group's activities comply with applicable legal and corporate governance requirements;
- reviewing key accounting assumptions and judgments; and
- monitoring the independence and objectivity of the external auditors.

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

Nomination and Remuneration Committee

Appointment of committee members is pending following TAQA's Annual General Meeting on 22 April 2014 and the consequent changes to the composition of the Board of Directors.

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

Internal Audit Group

TAQA maintains an Internal Audit Group that audits and assesses TAQA's risk management means and measures, the sound application of governance rules, and verification of compliance by TAQA and its employees with applicable laws, regulations and resolutions that govern its operations, as well as internal procedures and policies. The Internal Audit Group reports directly to the Audit Committee and provides independent and objective assessments of management in the execution of its duties.

REGULATION

UAE GENERATION SUBSIDIARIES

The Environment

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

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

Regulation of the Water and Electricity Sector in the Emirate of Abu Dhabi

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

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

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

INTERNATIONAL GENERATION SUBSIDIARIES

India

Environment

The Ministry of Environment and Forests, Government of India ("**MoEF**") is the administrative body which is responsible forprotecting and improving the quality of the environment and preventing, controlling and abating environmental pollution. The MoEF is, among other matters, responsible for granting environmental clearances and regulating diversion of forest land for projects. Further, pollution control boards have been set up at the central and state level to regulate and control pollution levels and prescribe rules and regulations from time to time.

Compliance with environmental laws in India is based on the doctrine of strict liability and polluter pays. A power project developer is required to maintain a number of permits and consents which are issued by various government authorities, including with respect to rehabilitation and resettlement, storage of hazardous substances and explosives and the use of forest land.

Generally, state policies for allotment and operation of hydro power projects require the project developers to give preference in employment (up to a certain percentage) to the local residents of the state where the project is located. In addition, various employee welfare statutes and regulations relating to maintaining appropriate working conditions, payment of wages and benefits, and hire and fire policies must be complied with.

Regulation of the electricity sector in India

Both the Indian central government and the various state governments are empowered to legislate in relation to the electricity sector. While the central government sets the policies and statutory framework for the sector, the state governments independently oversee power generation and the supply of power to consumers in their respective states.

The primary statute governing the electricity sector in India is the Electricity Act, 2003 (the "**Electricity Act**"). The Electricity Act introduced new measures designed to create a liberal framework for the development of the power industry, promote competition, protect the interests of consumers and supply of electricity to all areas, rationalise electricity tariffs, ensure transparent policies and promote efficiency. The key measures include:

(a) delicensing generation of power. However, techno-economic clearance from the Central Electricity Authority (the "**CEA**") is required for developing hydro power projects;

(b) establishment of independent electricity regulatory commissions at the central level (the Central Electricity Regulatory Commission (the "**CERC**") and state level (state electricity regulatory commissions (the "**SERCs**"). The relevant SERCs exercise jurisdiction over intrastate electricity regulatory matters (including tariffs), whereas the CERC exercises jurisdiction over all interstate electricity regulatory issues (also including tariffs);

(c) establishment of the Appellate Tribunal for Electricity to hear appeals against the decisions of the CERC and SERCs;

(d) formulation of the National Electricity Policy, 2005 and the Tariff Policy 2006 (the "**Tariff Policy**");

(e) licensing for transmission, distribution and trading in electricity. Trading has been recognised as a separate business activity where traders can directly buy power from generators and on-sell it; and

(f) grant of non-discriminatory open access in transmission and distribution network to a licensee, consumer or a person engaged in generation.

A generating company in India is free to sell power generated from its project to a distribution company, individual consumers, trading companies and on the power exchange. The tariff for sale of power from a generating project to a distribution company is either determined on the basis of a cost plus approach or through competitive bidding.

In terms of the Tariff Policy, power procurement by state distribution companies after 5 January 2011 is required to be done on the basis of competitive bidding except for certain situations which include procurement of power from an existing power project undergoing one-time expansion and a hydro power project owned by a private company which is compliant with conditions under the Tariff Policy. The tariff determination for sale of power on a cost plus approach is carried out by CERC and the relevant SERC on the basis of norms specified in their existing tariff regulations. These tariff regulations are valid for a particular control period and provide for truing up of tariff considering the various components of tariff (such as additional capitalisation, return on equity and interest on loan capital) in each control period.

For the offtake of power from a generating project, depending upon the agreement between the generator and the offtaker, either the generating company or the offtaker is required to obtain open access to use the network of the relevant transmission licensee and/or the distribution licensee (as the case may be) for arranging supply of power to the delivery point.

The Electricity Act along with the policies, regulations and rules issued under it, has abolished the monopoly of state entities which existed under the earlier statutes and has created a new competitive framework for the development of the power sector in India.

Morocco

Environment

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

The plant is required to maintain a number of permits and consents throughout the life of the PPA, including certain construction permits, aerial beaconing permits and other operation permits.

These permits and consents are issued and governed by a number of governmental bodies including the Ministry of Transportation and the Ministry of Public Works.

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

Regulation of the electricity sector in Morocco

ONEE is the body with primary responsibility for regulating the electricity and water sectors in Morocco. It is a public industrial and commercial body, established by decree-law No. 1-11-160 of 29 September 2011, implementing Law 40-09 by merging the former Office National de l'Electricité ("**ONE**") and the former Office National de l'Eau Potable ("**ONEP**"). ONEE's responsibilities include:

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

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

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

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

OIL AND GAS

North America

Canadian federal regulation

The Group's ownership of its subsidiary, TAQA North, is subject to certain investment conditions imposed by the Investment Review Division of Industry Canada, pursuant to the Investment Canada Act. These conditions, in the form of undertakings given by the Group, generally relate to such matters as the maintenance of existing levels of employment, ensuring Canadian participation and representation in senior management and at the board level, and a commitment to capital and research and development expenditures. These undertakings were satisfied in 2010, so no further formal reporting or pre-approvals are required. However, Industry Canada reserved the right to request such ad hoc updates as it deems appropriate from time to time. The government of Canada has recently enacted changes to the Investment Canada Act that increase its ability to scrutinise future significant investments in Canada by or involving state-owned enterprises, including TAQA North. However, during this period of increased scrutiny, TAQA North has been successful in obtaining approvals for its acquisition of NuVista Energy Ltd.

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

Although the government of Canada has set a target of reducing Canada's total greenhouse gas emissions by 17% from 2005 levels by 2020, it has so far only implemented regulations for Canada's transportation and electricity sectors. If the government eventually establishes regulations for greenhouse gas emissions that are applicable to the upstream oil and gas industry, the issue of primacy arises between federal and provincial law. In the event of a conflict, the Group will be obliged to comply with the more stringent of the regulations. A small portion of the Group's upstream assets in Alberta, Saskatchewan and British Columbia are located on First Nations reserve lands. Indian Oil and Gas Canada ("**IOGC**"), an organisation created pursuant to Canadian federal laws, manages and regulates oil and gas resources on reserve lands, regardless of the province in which such assets are located. In addition to regulation of First Nations oil and gas resources, IOGC assists First Nations with ongoing resource management.

Canadian provincial regulation

Alberta

A large percentage of Alberta's mineral resources are owned by the Crown in right of Alberta and administered by the Department of Energy. Through the Mines and Minerals Act, petroleum and natural gas leases and licences are granted to producers, usually through periodic Crown sales, and royalties are established and collected.

The Alberta Energy Regulator ("**AER**") is the primary regulator for the oil and gas industry in Alberta and is responsible for the administration and enforcement of various statutes and regulations that apply to the different stages of the Group's upstream assets and their operation, including various environmental statutes and regulations with respect to the Group's upstream assets' air emissions and access to ground and surface water. In 2013, the AER succeeded the Energy Resources Conservation Board and will take on regulatory functions from Alberta Environment and Sustainable Resource Development that relate to public lands, water and the environment. In this way, the AER provides full life-cycle regulatory oversight of energy resource development in Alberta, from application and construction to abandonment and reclamation.

With respect to the Alberta Climate Change and Emissions Management Act ("**CCEMA**") provides a statutory framework for managing climate change and greenhouse gas emissions in Alberta. The Specified Gas Emitters Regulation of the CCEMA requires companies to report the emissions intensity of any facility that emits more than 100,000 tonnes of greenhouse gases per year. Companies that own such high-emission facilities have three compliance options under the CCEMA:

(a) make facility improvements to reduce emissions below the required threshold;

(b) purchase Alberta-based carbon offset credits; or

(c) pay C$15.00 for every tonne over target into the Climate Change and Emissions Management Fund (the "**Fund**"), established under the Act. Monies flowing into the Fund are segregated and targeted specifically to addressing climate change.

British Columbia

Pursuant to the Ministry of Energy and Mines Act, the duties, powers and functions of the relevant Ministry include all matters relating to energy, mineral resources and petroleum resources. The relevant Ministry has the authority to collect royalties and regulate the production of petroleum and natural gas under the Petroleum and Natural Gas Act.

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

With respect to emissions, operations in British Columbia are subject to a number of statutes pertaining to greenhouse gas emissions. Notable to the Group are the Greenhouse Gas Reduction Targets Act ("**GGRTA**"), the Carbon Tax Act, and the Greenhouse Gas Reduction (Cap and Trade) Act ("**GGRA**"). The GGRTA sets targets for reducing greenhouse gases by at least 33% below 2007 levels by 2020. Regulations under the GGRTA authorise incentives for operators who refurbish facilities in order to reduce greenhouse gas emissions.

The Carbon Tax Act imposes a tax on consumption in British Columbia of virtually all fossil fuels, including gasoline, diesel, natural gas, coal and propane. Each type of fossil fuel is taxed at a differing rate. Since 1 July 2012, the following carbon tax rates have been applicable to fossil fuels consumed in British Columbia: C$0.0667 per litre of gasoline; C$0.0767 per litre of diesel; C$0.0570 per cubic metre of natural gas; C$62.31 per tonne of high heat value coal and C$0.0462 per litre of propane. Fuels exported from the province are not taxed, nor are fuels used in-province for certain exempt purposes, which include pipeline pigging, down hole operations at well sites, removal of natural gas liquids or impurities in the processing of marketable natural gas, and closed-system refrigeration in the processing of marketable natural gas.

The CGRA prescribes a market-based cap and trade framework to reduce greenhouse gas emissions from large emitters operating in the province. Pursuant to the CGRA's Reporting Regulation, if any British Columbia facility that is owned, managed or controlled by the Group emits 10,000 tonnes or more of carbon dioxide equivalents per year, an emissions report must be provided to the Ministry of Environment. If any of the Group's facilities report emissions greater than 25,000 tonnes of carbon dioxide equivalents per year, it will be required to have its emissions report verified by a third party. Two regulations relating to proposed emissions offsets and trading are currently under development. Further regulations are expected to set emission restrictions together with a framework for the purchase of emissions offsets associated with a cap-and-trade system.

Saskatchewan

Ownership of oil and gas interests in Saskatchewan is held by the Crown pursuant to the Saskatchewan Crown Minerals Act ("**CMA**"). Through the CMA, petroleum and natural gas interests are granted subject to the Petroleum and Natural Gas Regulations, 1969 ("**PNGR**"). The PNGR set out the requirements that must be met for the acquisition of exploration permits, drilling reservations and leases. Leases are granted by public tender. Crown royalties are dealt with under the CMA and are regulated under the PNGR.

Under the Energy and Mines Act, the Saskatchewan Ministry of the Economy, through the Minister responsible for Energy and Resources is responsible for the exploration, development, management and conservation of non-renewable resources in the province and the administration and enforcement of various statutes and regulations that apply to the different stages of the Group's upstream assets. The Oil and Gas Conservation Board is the primary regulator in the province with respect to this mandate. The Saskatchewan Ministry of Environment is responsible for the administration and enforcement of the province's environmental statutes and regulations, including with respect to the Group's upstream assets' air emissions and access to ground and surface water.

With respect to emissions, the Saskatchewan government proposed the Management and Reduction of Greenhouse Gases Act ("**MRGGA**") in December 2009, a piece of climate change legislation which outlines a framework for reducing greenhouse gas emissions by 20% from 2006 levels by 2020. The MRGGA prescribes that the emissions of any facility that emits more than 50,000 tonnes of greenhouse gases per year must be regulated. The MRGGA, along with its respective Regulations and an Environmental Code Chapter have yet to be proclaimed into force.

United States

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

U.S. federal regulation

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

Environmental regulation

Oil and gas development in the United States is subject to both federal, state, tribal and, to a much lesser extent, local environmental regulation. Federal environmental laws applicable to oil and gas development are generally not industry-specific, but rather they regulate any discharge or contamination that threatens the natural environment in general. The Resource Conservation and Recovery Act ("**RCRA**") regulates management of solid and hazardous waste; the Comprehensive Environmental Response, Compensation and Liability Act ("**CERCLA**") regulates clean-up of contaminated sites; the Clean Air Act ("**CAA**") regulates air emissions; and the Clean Water Act ("**CWA**"), the Oil Pollution Act ("**OPA**") regulates oil spills, and the Safe Drinking Water Act ("**SDWA**") regulate water discharges. The principal federal enforcement agency is the Environmental Protection Agency (the "**EPA**"), but state agencies enforce similar state laws and can also be delegated authority by the EPA to implement and enforce certain federal statutes.

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

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

Operational regulation-spacing/drilling

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

Transportation

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

The location, construction and operation of interstate pipelines, facilities and storage fields involved in moving oil and gas across state boundaries must be approved by FERC, but the Department of Transportation ("**DOT**") regulates the safety and integrity of interstate oil and gas pipelines through the Pipeline Safety Improvement Act of 2002.

Oil and gas pipelines and transportation are primarily governed by federal regulation because of their interstate nature, but states may regulate intrastate oil and gas pipelines and may regulate gathering lines and other intrastate transportation activities. Typically, this is done through a state's public utilities commission (a "**PUC**").

U.S. state regulation

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

UK North Sea

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

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

The licences cannot be granted without the authorisation of the Secretary of State. When considering whether to authorise a proposal, the Secretary of State will take into account whether the proposed project accords with the government's policy objectives and whether the methods proposed to be used comply with good oilfield practice.

Where a UK licence is awarded to a joint venture, the companies engaged in the joint venture are jointly and severally liable for discharging the obligations contained in the licence. The Group is a party to joint operating agreements (the ''**JOAs**'') with co-venturers for each of its licences except in relation to certain acreage in the Northern North Sea which is wholly owned by the Group. The JOAs set forth the rights and obligations between the Group and its partners with respect to operatorship, expenditures and other related matters. A JOA will also establish the operator's rights, powers and duties, as well as the means by which an operator can be replaced. The process of agreeing and following work programmes and budgets is also set out, and each partner's ability to transfer its interest in the joint venture will be described.

Offshore oil and gas exploration and production activities in the UK territorial waters and United Kingdom Continental Shelf are also regulated by the Health and Safety Executive and in particular its Offshore Safety Division (''**HSE**'') under the Health and Safety at Work etc. Act 1974 and a range of subordinate legislation. Key activities of the HSE with regard to the offshore hydrocarbon exploration and production industry include: inspection of work sites, incident investigation, assessment of safety documentation, enforcement of legislation and generally to advise, guide and inform. Action that may be taken by the HSE following a perceived breach of health and safety legislation will vary depending upon the nature of the breach but may include the provision of informal advice, the issue of an improvement or prohibition notice or prosecution in a criminal court.

In November 2013, an interim report commissioned by the UK government was circulated for comment. Its key recommendations included a proposal to establish a new regulatory body governing UK offshore oil and gas activities. The final report is expected to be issued and submitted for UK government review in the spring of 2014, though the Scottish government have already expressed strong support for the interim report's proposals.

The Netherlands

Regulatory environment

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

The gas and electricity industries are subject to regulation by the Dutch Competition Authority, the "Autoriteit Consument en Markt" ("**ACM**") in 2013. The ACM is responsible for, among other matters:

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

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

Exploration and production

Exploration and production activities are governed by mining legislation. The Mining Act governs the state's participation in licences of 40% or 50% depending on the law in force at the date of issuance of the licence (some oil fields carry 0% State participation). The Mining Act (in conjunction with the Corporate Income Tax Act) also governs the Production Revenue Tax (*staatswinstaandeel*) and the level of royalties that can be claimed from upstream revenue.

Transport, distribution and storage

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

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

Health, safety and environment

The MEA is also responsible for regulating and enforcing offshore legislation in relation to health and safety issues and environmental matters, including air and water quality. Onshore, other governmental bodies also have authority for specific health, safety, environmental and zoning matters. The key legislation is the Mining Act and the Environmental Management Act which, through permitting conditions, govern matters relating to health and safety, air, water and soil quality and emissions and noise.

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

Kurdistan Region of Iraq

Management and control of oil and gas in the Kurdistan region of Iraq

The management and control of petroleum resources in the Kurdistan Region of Iraq is disputed between the Government of Iraq and the KRG. On the assertion that oil and gas matters are constitutionally within the exclusive jurisdiction of Iraqi regions and governorates (rather than the Iraqi federal government), the Kurdistan Region National Assembly passed the Kurdistan Region Oil and Gas Law in 2007, which purports to provide a statutory framework for oil and gas production in the Kurdistan Region and is the legal basis for the award of PSCs by the KRG. Since 2007, the

KRG has entered into over 40 PSCs with international oil companies. The Government of Iraq does not recognise the terms of the PSCs and views the relevant resources as owned by the Iraqi people until title transfers to the purchaser after export. This has contributed to frequent tension and disruptions in the export of petroleum from the Kurdistan Region of Iraq, see "— *Export of petroleum from the Kurdistan Region of Iraq*" below.

The Government of Iraq continues to dispute the constitutional basis of the KRG's exclusive claim to petroleum rights in the Kurdistan Region of Iraq. There are several draft oil laws pending before the Iraqi parliament, all of which cast doubt on the enforceability of existing PSCs in the KRG. See "*Risk Factors — Factors that may Affect Taqa's Ability to Fulfil its Obligations under Notes Issued under the Programme — Risks Relating to the Group's Business Generally — The Group's land and mineral rights may be subject to challenge*".

Export of petroleum from the Kurdistan Region of Iraq

The Government of Iraq considers the export of petroleum from the Kurdistan Region of Iraq to be the domain of the state-owned State Oil Marketing Organisation ("**SOMO**"). The Government of Iraq, through the state-owned Northern Pipeline Company, controls and operates the Iraq section of the main northern export pipeline from Kirkuk to Ceyhan. Although the PSCs granted by the KRG authorise contractors to export freely their share of petroleum, without reference to SOMO, the pipeline controlled by the Government of Iraq has until recently been the only commercially viable export route from the Kurdistan Region of Iraq. The KRG has therefore been reliant on exporting and marketing by SOMO, with revenues routed through the Government of Iraq. Such exports from the Kurdistan Region of Iraq through the Kirkuk to Ceyhan pipeline have taken place intermittently since 2009 but have frequently been disrupted by disagreements regarding the level and frequency of payments from the Government of Iraq to the KRG.

In January 2013, the KRG announced that it had commenced exports of crude oil to Turkey by truck. The Government of Iraq responded by announcing that it considered such exports to be illegal. The KRG has recently completed the construction of a pipeline which ties in to the main Kirkuk to Ceyhan pipeline and announced in January 2014 that it had commenced the shipment of crude oil through this new pipeline to the Port of Ceyhan. While, as of the date of this Prospectus, the Government of Iraq has not officially responded, these exports are contrary to its historical policy and its reaction remains uncertain.

RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES

Members of the Group have contracts with entities owned in whole or in part by TAQA's majority shareholder, ADWEA. These include the PWPAs with ADWEC, land leases relating to the UAE generation plants and shared facilities at project sites and shareholders' agreements. See "*Summary of Material Agreements*".

Certain of TAQA's related party transactions are disclosed in notes 5, 10, 16, 18, 19, 20, 23, 24, 25, 28, 29, 30, 34, 36, 37 and 39 to the 2013 Financial Statements. These transactions include transactions with associated companies, major shareholders, directors and key management personnel of TAQA, and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by TAQA's management. Because the Group is a government-related entity (as defined in IAS 24), the Group is exempt from disclosing certain information relating to transactions and balances with entities related to the Abu Dhabi government.

Note 39 to the 2013 Financial Statements describes certain collectively, but not individually, significant related party transactions. These include sales of water and electricity by each of the Group's UAE generation subsidiaries to ADWEC under long-term PWPAs and the receipt by those subsidiaries of natural gas fuel at no cost from ADWEC in accordance with the terms of the PWPAs.

There were no individually significant related party transactions in 2013.

SUMMARY OF MATERIAL AGREEMENTS

The following are summaries of selected provisions of certain material agreements governing each of the UAE and international generation projects and certain material oil and gas contracts. These summaries should not be considered to be a full statement of the terms and provisions of such agreements.

SUMMARY OF PRINCIPAL UAE GENERATION AGREEMENTS

Power and Water Purchase Agreement

Each generation subsidiary has entered into a PWPA with ADWEC as the power and water procurer, with all such PWPAs having generally the same terms and conditions (although the tariff for each one is unique). The PWPA governs:

(a) the design, construction and operation and maintenance of the relevant generation and desalination facilities (and their expansion, where relevant);

(b) the design, construction and transfer of the shared and/or special facilities and associated inter-connection facilities developed and built by the UAE generation subsidiary and (where relevant) transferred to the transmission, distribution or shared facilities company; and

(c) the sale and purchase of power and water capacity and power and water output to ADWEC for the term of the PWPA.

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

The term of each PWPA is 20-25 years from the Plant Commercial Operations Date ("**PCOD**").

Fuel supply

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

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

Capacity

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

Payments and fees

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

Supplemental payments

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

Terms of payment

ADWEC is required under the PWPA to make power and water capacity and output payments on a monthly basis following receipt by ADWEC of an invoice from the UAE generation subsidiary.

All payments are made in AED, and invoices are due and payable 30 days after the day on which the invoice is received by ADWEC.

Procurer credit support

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

Force majeure and government action or inaction

Each party is excused from performance and will not be in default of its obligations under the PWPA for so long as failure to perform such obligation is due to an event of *force majeure* or government action or inaction, although each party is generally obliged to make reasonable efforts to minimise and mitigate the effects of such event of *force majeure* or government action or inaction and restore its ability to perform. Certain delays are not excused by an event of *force majeure* or government action or inaction.

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

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

Termination

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

Events of default

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

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

Termination upon prolonged force majeure or event of government action or inaction

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

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

Consequences of termination

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

Other remedies

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

Insurance

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

Liability and indemnity

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

Assignment and transfer

ADWEC may, at any time, assign or transfer its rights or obligations under the PWPA to ADWEA, Abu Dhabi Power Corporation or Transco without the prior written consent of the relevant generation subsidiary, subject to certain conditions. The generation subsidiary may assign its rights under the PWPA pursuant to the financing documents to which it is a party. Otherwise, neither the UAE generation subsidiary nor ADWEC is permitted under the PWPA to assign or transfer its rights or obligations under the PWPA without the prior consent of the other.

Management, Operation and Maintenance Agreement

Each generation subsidiary is a party to an operation and maintenance (or similar) agreement (the "**O&M Agreement**") with an operations and maintenance company formed by the 40% international investor shareholder in respect of the facility in question (the "**Operator**"). The term of the agreement is generally structured either initially or with agreed extensions to match the terms of the corresponding PWPA.

Scope of services

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

Parent guarantee

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

Compensation

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

Termination

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

Force majeure or government action or inaction

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

Insurance

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

Liability and indemnity

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

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

Assignment

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

Project and (where relevant) Shared Facilities Lease Agreements

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

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

The land leases may be terminated: (a) by mutual agreement between ADWEA and the UAE generation subsidiary; (b) by the non-defaulting party on the occurrence of an event of default; (c) if the facilities are completely destroyed or so damaged that the UAE generation subsidiary elects not to rebuild, restore or repair them; or (d) when the useful life of the facilities has ended and demolition and removal has occurred in accordance with the land lease. The events of default include: (i) failure to pay amounts due under the land lease within 60 days after the date such amount is due; and (ii) failure to perform or meet in any material respect any material condition, covenant or obligation under the land lease which remains uncured for 90 days or, if the defaulting party is diligently pursuing a cure, 180 days. In the event of a UAE generation subsidiary default, ADWEA may, but has no obligation to, cure the UAE generation subsidiary default.

Shareholders' Agreement

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

Shareholder loans

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

Restrictions on transfer

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

Management

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

Matters requiring unanimous shareholder approval

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

Dividend policy

Subject to the relevant finance documents, to the greatest extent permitted by UAE commercial companies law, but subject to forecasted working capital requirements in accordance with the agreed annual budget, profits are distributed to the shareholders, and available cash in the UAE generation subsidiary is to be used to repay subordinated loans.

Term and termination

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

Default

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

SUMMARY OF CERTAIN INTERNATIONAL GENERATION PROJECT AGREEMENTS

Jorf Lasfar

Power purchase agreements

JLEC and its subsidiary, JLEC 5&6, have each executed a PPA with ONEE. The first PPA, signed with JLEC, relates to the existing four units and the second PPA, signed with JLEC 5&6, covers the two new units currently being built. Both PPAs are for periods of 30 years starting from September 1997 in the case of JLEC and the commercial operation date of unit 5 in the case of JLEC 5&6.

JLEC and JLEC 5&6 sell available power generation capacity and net electricity production from the Jorf Lasfar facility to ONEE. Each PPA is a take-or-pay contract, subject to the availability of the units, which provides for capacity and energy payments at contracted tariffs denominated in U.S. dollars, euro and Moroccan dirham.

Under the PPAs, ONEE bears substantially all foreign exchange and coal price risk, subject in the case of the latter to the Jorf Lasfar facility meeting certain guaranteed levels of plant thermal efficiency and other contractual provisions. In addition, the PPAs contain change-in-law provisions that allow certain costs which JLEC or JLEC 5&6 may incur as a result of regulatory changes that affect the Jorf Lasfar project to be passed through to ONEE.

The PPAs set out the obligations of both JLEC and JLEC 5&6 on the one hand and ONEE on the other hand and include default provisions for failure to meet those obligations which, subject to cure rights and materiality, could ultimately provide a party with termination rights. Early termination of a PPA by any of JLEC, JLEC 5&6 or ONEE obligates the payment by ONEE of a termination amount specified with regard to the subject termination event.

ONEE is required to maintain bank letters of credit as security for its monthly payment obligations under each PPA. In addition, the Government of Morocco has guaranteed payments of the termination amounts under the PPAs and JLEC and JLEC 5&6's rights of quiet enjoyment of the Jorf Lasfar power station.

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

Transfer of possession agreements ("TPAs")

In conjunction with the implementation of the initial Jorf Lasfar project for the first four units, JLEC entered into a TPA with ONEE. The term of the TPA runs for a period of 30 years from September 1997. The TPA establishes JLEC's rights of possession and quiet and peaceful enjoyment, as well as responsibilities for use, operation and maintenance, of units 1 – 4 of the Jorf Lasfar facility. ONEE retained legal title to units 1 – 4.

In conjunction with the implementation of the expansion of the Jorf Lasfar power plant, JLEC and JLEC 5&6 entered into an additional TPA with ONEE. The term of the TPA runs for a period of 30 years from the commercial operation date of unit 5. The TPA establishes JLEC's and JLEC 5&6's rights of possession and quiet and peaceful enjoyment, as well as responsibilities for use, operation and maintenance of the common site and common facilities to be shared by JLEC and JLEC 5&6 for the operation and maintenance of all six units of the Jorf Lasfar power plant. ONEE retains title in the existing shared facilities and future shared facilities being developed by JLEC 5&6 as part of the expansion of the Jorf Lasfar power plant.

Each TPA provides for certain events of default on the part of JLEC, JLEC 5&6 and ONEE. If the occurrence of any event of default under a TPA relating to a party to it results in the termination of the TPA, the relevant PPA automatically terminates, although the other TPAs will continue in effect subject to any defaults under it.

Each TPA is governed by the laws of Morocco. Any disputes in respect of a TPA are subject to the dispute resolution procedure provided for in the relevant PPA.

Right of surface agreement ("RSA")

In conjunction with the implementation of the expansion of the Jorf Lasfar power plant by JLEC 5&6, JLEC 5&6 entered into the RSA with ONEE. The RSA runs for a period ending on the earlier of: (a) the date falling 35 years following 18 January 2013; and (b) the date of termination or expiry of the PPA between JLEC 5&6 and ONEE. Pursuant to the RSA, JLEC 5&6 is granted all the attributes of the right of ownership over units 5&6 of the Jorf Lasfar power plant.

The RSA provides for certain events of default on the part of each of JLEC 5&6 and ONEE. If the occurrence of any event of default under the RSA relating to either party results in the termination of the RSA, the PPA between JLEC 5&6 and ONEE automatically terminates.

Following completion of units 5 and 6 of the Jorf Lasfar power plant, the surface right and the underlying title in units 5 and 6 of the Jorf Lasfar power plant granted to JLEC 5&6 pursuant to the RSA will be automatically reassigned to ONEE upon the expiry of the PPA between JLEC 5&6 and ONEE or, if earlier, upon the termination of such PPA.

The RSA is governed by the laws of Morocco. Any disputes in respect of the RSA are subject to the dispute resolution procedure provided for in the PPA between JLEC 5&6 and ONEE.

Coal terminal concession agreements ("CTCAs")

In conjunction with the implementation of the initial Jorf Lasfar project for the first four units, JLEC entered into a coal terminal agreement with l'Agence Nationale des Ports ("**ANP**") (formerly the Office National d'Exploitation des Ports), the national port authority of Morocco. Following the expiry of that initial agreement and in conjunction with the implementation of the Jorf Lasfar units 5 and 6 expansion project, JLEC and JLEC 5&6 each entered into a CTCA with ANP for a term of 30 years from 11 November 2012. Pursuant to the CTCA entered into between JLEC and ANP, JLEC is granted an operation and maintenance concession over quay 3 at the Jorf Lasfar port and a handling concession over quay 3bis at the Jorf Lasfar Port. Pursuant to the CTCA entered into between JLEC 5&6 and ANP, JLEC 5&6 is granted an operation and maintenance concession over quay 3bis at the Jorf Lasfar port and a handling concession over quay 3 at the Jorf Lasfar Port.

The CTCAs provide for certain events of default on the part of each of JLEC, JLEC 5&6 and ANP.

The CTCAs are governed by the laws of Morocco. Any disputes in respect of a CTCA that cannot otherwise be resolved by the parties are ultimately subject to the dispute resolution procedure provided for in the relevant CTCA.

Jorf Lasfar Expansion Construction Agreements

In conjunction with the implementation of the Jorf Lasfar plant expansion, JLEC 5&6 has entered into three agreements with ONEE in relation to the construction and commissioning of units 5 and 6 and certain upgrades to the coal unloading and handling equipment. JLEC 5&6 has entered into corresponding engineering, procurement and construction ("**EPC**") contracts with: (a) the consortium of Daewoo Engineering & Construction and Mitsui & Co. Ltd. for the construction of units 5 and 6 and certain common facility upgrades; (b) Cargotec Sweden Bulk Handling AB ("**Cargotec**") for the construction and installation of two new coal unloaders and the repositioning of the existing unloaders at the coal unloading terminal; and (c) China Harbour Engineering Company Ltd. ("**CHEC**") for the construction and installation of new coal conveyors and a new coal stacker and the upgrade of certain existing coal conveyors at the coal unloading terminal. The technical specifications and periods for completing the construction works under the EPC contracts are aligned with the requirements under the construction and commissioning agreements between JLEC 5&6 and ONEE.

Upon provisional acceptance of the works under the EPC contracts with Cargotec and CHEC, ownership of the works will be transferred to ONEE, and ONEE will simultaneously grant rights of possession and quiet and peaceful enjoyment over the works to JLEC 5&6 and JLEC under the TPA in relation to the common facilities. The construction and commissioning agreements between ONEE and JLEC 5&6 terminate upon final acceptance of the works under the corresponding EPC contracts.

Operation and maintenance agreements

JLEC, JLEC 5&6 and TAQA North Africa ("**TNA**") have entered into two operation and maintenance agreements to govern the operation of units 1-4 and units 5 and 6 and the shared facilities of the Jorf Lasfar power plant, respectively. Each agreement has an initial term covering the term of the relevant PPA.

Under the terms of the agreements, TNA is required to operate, maintain and repair the power station and common facilities (including the port coal unloading terminal installations) in accordance with the governing agreements and to provide certain management personnel to supervise JLEC and JLEC 5&6's employees.

JLEC and JLEC 5&6 are required to pay TNA a management fee and, if relevant, incentive payments (relating to performance targets for available capacity, heat rate and budget performance). TNA is liable to pay liquidated damages to JLEC or JLEC 5&6 for failing to meet the targets referred to above as well as for certain environmental liabilities arising out of TNA's performance.

The operation and maintenance agreements are governed by the laws of Morocco. Disputes arising under or in relation to the agreement that otherwise cannot be resolved by the parties are ultimately subject to arbitration in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce ("**ICC**").

Neyveli (India)

Power purchase agreement

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

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

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

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

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

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

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

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

Fuel supply agreement

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

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

The base price paid for lignite under the agreement is the annual weighted average price of lignite produced from NLC's various mines. In addition, SCECPL is required to make an incentive payment for supplies made in excess of 97% of the annual average quantity and a guarantee charge commencing in the 13th year of commercial operation which is equal to 1% of the base price of lignite delivered in each year after the 12th year of commercial operation, up to a maximum of 1.77 million metric tonnes. The delivery price comprises the sum of the base price, applicable taxes and royalties, charges for sampling and analysis of the lignite supplied, the guarantee charge and the incentive charge.

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

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

Red Oak (USA)

Red Oak Tolling Agreement

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

Energy management agreement

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

Takoradi Expansion Construction Agreements

In conjunction with the implementation of the Takoradi plant expansion, which will increase the plant's output by 50% from 220MW to approximately 330MW, Takoradi International Company ("**TICO**") has entered into revised project agreements, including an amended and restated power purchase agreement, services agreement and site lease, with the Volta River Authority, as well as customary financing agreements with its lenders. In addition, TICO has entered into an amended and restated government and consent support agreement with the Government of Ghana, which covers payment and political risks in respect of the project. Construction of the expansion started in the third quarter of 2012, pursuant to the terms of an EPC contract entered into between TICO and a consortium comprising KEPCO E&C and Mitsui & Co. Ltd, and is expected to be commissioned in 2015. The expansion has an approximate value of U.S.$354 million.

SUMMARY OF PRINCIPAL OIL AND GAS AGREEMENTS

Oil and Gas Sales Contracts (North America)

The Group sells its North American production to a variety of purchasers in the physical spot market utilising master sales agreements.

The Group's natural gas sales portfolio consists of gas sales priced at AECO monthly index, AECO daily spot, Chicago daily spot and a small portion to aggregators. The Group's oil and natural gas liquids portfolio consists of sales that are priced based on standard industry monthly market posters or on industry standard monthly indices.

Oil and Gas Sales Contracts and Decommissioning Deeds (UK North Sea)

The Group has entered into crude oil sales agreements with BP Oil International Limited in relation to the Group's crude oil production from the Brae Assets. The agreement is for a 12-month period commencing 1 January 2014 and terminating on 31 December 2014. The sale price per barrel is based on the "Forties" quotation published in Platts Crude Oil Marketwire plus a fixed differential and adjusted in relation to the sulphur content.

The Group has a contract with Shell International Trading and Shipping Company Limited for the sale of its crude oil produced from the Cormorant Area North Sea Assets. The agreement is for a rolling 12-month period commencing on 1 January in each year, subject to termination by either party by providing notice prior to 31 October in any calendar year, in which event the contract would terminate on 31 December of that year. The purchase price per barrel is based on the published Brent Ninian Blend as published in Platts Crude Oil Marketwire with a variable differential based on quantity.

The Group has entered into a Lifting Transportation and Marketing Services Agreement with Maersk Oil North Sea Limited ("**MONS**") which governs shipping co-ordination for offshore loading from the Harding field and also the marketing and sale of Harding cargoes. The agreement expires automatically on 31 December 2015 and there is a reciprocal right of termination at six months' notice with no qualifying conditions. Trades are made to pre-approved buyers and priced with reference to Brent Blend Dated Pricing as published in Platts Crude Oil Marketwire with a negotiated premium to reflect the quality of the Harding blend compared to the Brent Blend. A service fee of 25 cents per barrel is charged by MONS for the marketing service. MONS is obligated to secure approval from TAQA if it proposes to deviate from this pricing structure.

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

The UK government has recently entered into DRDs with individual oil companies (including TAQA Bratani Limited and TAQA Bratani LNS Limited) operating in the UK continental shelf which effectively guarantee the tax reliefs that companies can expect when decommissioning their UK continental shelf assets, providing that if the current rate of tax relief on decommissioning (which is approximately 50% – 75% (depending on the tax rate and asset in question)) is reduced in the future, the UK government will make a compensating payment. The security provided in relation to the payment of decommissioning costs is typically governed by DSAs between joint venture partners or between buyers and sellers of assets. Assuming a DRD is in place on a default by a joint venture partner, under the corresponding DSA the non-defaulting parties are contractually guaranteed tax relief on the additional expenditure imposed on them. The DSAs to which TAQA is a party currently require decommissioning security on a pre-tax basis. See "*Risk Factors — Factors that may Affect TAQA's Ability to Fulfil its Obligations under Notes Issued under the Programme — Risks Relating to the Group's Business Generally — The Group could incur significant decommissioning costs in relation to its facilities*".

Gas Sales and Gas Storage Agreements (The Netherlands)

P/15 and P/18 offshore

Most gas from the P/15 and P/18 fields in The Netherlands is contracted for sale to GasTerra under standard Dutch small field gas sales agreements. The gas sales agreements remain in force until the earlier of:

(a) the production licences being no longer in force;

(b) upon two years' prior notice that the reservoirs are deemed by the sellers to be no longer capable of producing natural gas in commercial quantities;

(c) the sellers' interests in the reserves committed to the purchaser are delivered to the purchaser; or

(d) 30 years from the effective date, which was 1 January 2007. Annually, amendments to the gas sales agreements result in a new contract price based on the normative buying price ("**NIP**"), being the net back price of GasTerra and the introduction of a "Technical Minimum" without the obligation to pay a service fee.

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

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

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

Bergen onshore

All gas from currently producing gas fields in the Bergen licence area is contracted for sale to GasTerra under a gas sales agreement. Pursuant to this agreement, the sellers (including TAQA Onshore) have committed their participation interests in the remaining and new gas reserves up to 15 billion m^3. Following an amendment that became effective in January 2009, the purchase price for the gas is calculated on the basis of the NIP. Almost all fields contractually deliver the gas on a so called "As Produced" arrangement. The gas sales agreement remains in force until the earlier of:

(a) the production licences being no longer in force;

(b) upon two years' prior notice that the reservoirs are deemed by the sellers to be no longer capable of producing natural gas in commercial quantities;

(c) the sellers' interests in the reserves committed to the purchaser are delivered to the purchaser; or

(d) 30 years from the effective date, which was 1 January 2007.

Non-operated assets

All gas from currently producing gas fields in non-operated Dutch offshore licences is contracted for sale to GasTerra under standard Dutch small field gas sales agreements.

Joint Venture Agreements (The Netherlands)

The Dutch assets are held jointly in various partner groups under upstream joint operating agreements, always including a Dutch State owned subsidiary as partner for at least 40%, with the exception of the 40% interest in the NGT pipeline system, which is governed by a shareholders agreement with GDF and others excluding the Dutch State.

Bergermeer Capacity Agreements

Capacity at Bergermeer is offered under Standard Storage Agreements; 14 TWh of capacity has already been sold to storage customers under long-term contracts, subject to termination rights if the start of operations at the Bergermeer Facility is delayed.

OVERVIEW OF THE UAE AND ABU DHABI

THE UAE

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

The federation is governed by the Supreme Council of the Rulers, which consists of the Rulers of the seven Emirates. The Supreme Council elects from its own membership the President and the Vice President (for renewable five-year terms). H.H. Sheikh Zayed bin Sultan Al Nahyan, the late Ruler of Abu Dhabi, held the position of President from 1971 until his death in November 2004. During his long presidency, H.H. Sheikh Zayed bin Sultan Al Nahyan oversaw massive investment in the infrastructure of the UAE, which transformed the country. Following his death, his son H.H. Sheikh Khalifa bin Zayed Al Nahyan took over as Ruler of Abu Dhabi and as President of the UAE.

Based on IMF data for 2013 (extracted from the World Economic Outlook Database (April 2014)), the UAE is the second largest economy in the MENA region after Saudi Arabia, based on nominal GDP, and the third largest after Qatar and Kuwait, based on nominal GDP per capita. It has a more diversified economy than most of the other countries in the GCC. According to OPEC data, at 31 December 2012, the UAE had approximately 6.6% of the world's proven global oil reserves (giving it the sixth largest oil reserves in the world). Based on IMF data (extracted from the World Economic Outlook Database (April 2014)) real GDP growth in the UAE is estimated to have increased by 4.8% in 2013 and increased by 4.4 % in 2012. Based on the same source, real GDP in the UAE grew by 3.9% in 2011 and by 1.7% in 2010; it fell by 4.8% in 2009 and grew by 3.2% in 2008.

The UAE enjoys good relations with the other states in the GCC. However, the UAE does have a longstanding territorial dispute with Iran over three islands in the Gulf and, as such, is not immune to the political risks that have overshadowed the region.

On 11 August 2013, Moody's reaffirmed the UAE's long-term credit rating of Aa2 with a stable outlook. The principal reason cited for this high investment grade rating is the assumption that the obligations of the federal government will be fully supported by Abu Dhabi. The UAE is not rated by any other rating agency.

ABU DHABI

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

Abu Dhabi, with proven crude oil reserves estimated to be in excess of 90 billion barrels, has approximately 95% of the UAE's total oil reserves and approximately 6.3% of the world's proven oil reserves (which were 1,478 billion barrels according to OPEC at 31 December 2012). In recent years, Abu Dhabi has produced between 2.2 and 2.5 million barrels of oil per day, which is just over 95% of total UAE production. At this rate of production, Abu Dhabi's oil reserves would last over 100 years. In Abu Dhabi, the non-associated Khuff natural gas reservoirs beneath the Umm Shaif and Abu al-Bukhush oil fields rank among the world's largest. Abu Dhabi has approximately 93% of the UAE's natural gas resources. These were 6,091 billion standard cubic metres and represented approximately 3.0% of the world's natural gas reserves of 200,350 billion standard cubic metres, in each case at 31 December 2012 and according to OPEC.

SUMMARY STATISTICAL DATA

Abu Dhabi and UAE GDP

The tables below show Abu Dhabi's nominal and real GDP, its percentage growth rate in real terms, the UAE's nominal GDP and the percentage contribution of Abu Dhabi's nominal GDP to the UAE's nominal GDP for each of the years indicated.

	2008	2009	2010	2011	2012
	(AED billions, except for percentage)				
Abu Dhabi nominal GDP (current price)	705.2	535.3	640.0	846.7	909.7
Abu Dhabi real GDP (constant 2007 prices)	580.1	551.5	587.1	641.8	678.0
Percentage change in Abu Dhabi real GDP	6.4	(4.9)	6.5	9.3	5.6
UAE nominal GDP (current prices)	1,154.8	935.8	1,055.6	1,280.2	1,409.5
Abu Dhabi as a percentage of UAE	61.1	57.2	60.6	66.1	64.7

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

The preliminary estimate of Abu Dhabi's nominal GDP for 2013 is AED 953.2 billion according to the Statistics Centre. Real GDP data for 2013 has not yet been published by the Statistics Centre.

Abu Dhabi and UAE population

The population of the UAE, based on a census carried out in 2005, was approximately 4.1 million, of whom approximately 1.4 million resided in Abu Dhabi. The UAE National Bureau of Statistics estimated the population of the UAE to be approximately 8.2 million at the end of 2009 and approximately 8.3 million in mid-2010.

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

The table below illustrates this growth, using mid-year population figures from official census data since 1985.

	1985	1995	2005	2010/12
Abu Dhabi population	566,036	942,463	1,399,484	2,334,563
Total UAE population	1,379,303	2,411,041	4,106,427	8,264,070

*Source: Official census data published by the UAE National Bureau of Statistics ("**NBS**") (1985 to 2005); NBS estimate (2010) Abu Dhabi Statistics Centre estimate (2012).*

In 2013, the Abu Dhabi Statistics Centre (the "**Statistics Centre**") estimated the Emirate's population to be 2,334,563 in mid-2012.

In mid-2011 and based on Statistics Centre estimates, Abu Dhabi had a predominantly young population, with 0.9% being 65 and over and 17.4% being under the age of 15. The population mix in mid-2011 is estimated by the Statistics Centre to have comprised 20.7% UAE nationals and 79.3% non-nationals, principally expatriate workers from Asian and other Middle Eastern countries.

Abu Dhabi inflation

The table below sets out annual inflation rates in Abu Dhabi for each of the periods indicated:

	2009	2010	2011	2012	2013
			(%)		
Abu Dhabi annual inflation rate	0.8	3.1	1.9	1.1	2.3

Source: Statistics Centre.

According to the Statistics Centre, in the two months to February 2014, inflation in Abu Dhabi was 2.3% compared to the corresponding period of 2013.

Abu Dhabi crude oil production

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

	2009	2010	2011	2012
Crude oil production (million b/d)[(1)]	2.2	2.3	2.5	2.6
Crude oil exports (million b/d)	2.0	2.0	2.3	2.4
Average crude oil price (U.S.$ per barrel)	62.7	78.5	109.5	112.1

Note:
(1) Production excludes condensates.
Source: Abu Dhabi National Oil Company.

Abu Dhabi GDP

According to the Statistics Centre, Abu Dhabi's nominal GDP per capita was estimated to be approximately U.S.$106,331 in 2012, which makes it one of the highest in the Gulf region. Mining and quarrying (principally crude oil and natural gas) dominates Abu Dhabi's economy and contributed approximately U.S.$142.7 billion, or 55.0%, of estimated nominal GDP in 2013. Increases in oil and gas production rates combined with increases in oil prices contributed significantly to the real growth in Abu Dhabi's GDP in 2010 and 2011, although growth in the oil sector was significantly more muted in 2012.

The mining and quarrying sector (principally crude oil and natural gas) contributed 58.5% of nominal GDP in 2008, 44.6% in 2009, 49.6% in 2010, 57.3% in 2011, 56.5% in 2012 and an estimated 55.0% in 2013. Outside the oil and gas sector, the principal contributors to nominal GDP in Abu Dhabi in each of 2008, 2009, 2010, 2011, 2012 and 2013 have been: construction; manufacturing; financial institutions and insurance; real estate; transportation and storage; and wholesale and retail trade and repairing services which, together, accounted for 29.0% of nominal GDP in 2008, 38.6% in 2009, 35.2% in 2010, 30.3% in 2011, 30.4% in 2012 and an estimated 31.5% in 2013. Excluding oil and gas, which are treated as being under public ownership, public administration and defence accounted for an estimated 4.6% of GDP in 2013.

Of these principal sectors:

- Mining and quarrying grew in real terms by 7.5% in 2008, declined in real terms by 13.9% in 2009 and grew in real terms by 6.8%, 11.7% and 3.8% in 2010, 2011 and 2012, respectively;
- Construction grew at real rates of 22.0%, 32.3%, 9.7%, 0.6% and 4.0% in each of 2008, 2009, 2010, 2011 and 2012, respectively;
- Manufacturing declined at real rates of 7.0% and 8.0% in 2008 and 2009, respectively, and grew at real rates of 6.3%, 17.9% and 9.7% in 2010, 2011 and 2012, respectively;
- Financial institutions and insurance declined at a real rate of 7.5% in 2008, grew at a real rate of 7.6% in 2009, declined at a real rate of 5.2% in 2011 and grew at real rates of 6.7% and 3.8% in each 2011 and 2012, respectively;
- Wholesale and retail trade and repairing services grew at a real rate of 2.7% in 2008, declined in real terms by 9.8% in 2009, grew in real terms by 0.3% in 2010, declined in real terms by 2.1% in 2011 and grew in real terms by 8.2% in 2012;
- Real estate grew at real rates of 15.1%, 7.3%, 8.7%, 25.7% and 16.8% in each of 2008, 2009, 2010, 2011 and 2012, respectively; and
- Transportation and storage grew at real rates of 11.7%, 0.9%, 21.5%, 12.4% and 11.6% in each of 2008, 2009, 2010, 2011 and 2012, respectively.

The tables below show Abu Dhabi's nominal GDP by economic activity and by percentage contribution of each sector for each of the years indicated.

	2008		2009	
	(AED millions)	*Contribution (%)*	*(AED millions)*	*Contribution (%)*
Mining and quarrying (including crude oil and natural gas)	412,774	58.5	239,006	44.6
Construction	65,655	9.3	79,310	14.8
Manufacturing	39,118	5.5	29,990	5.6
Real estate	21,350	3.0	23,830	4.5
Financial institutions and insurance	29,575	4.2	30,154	5.6
Wholesale, retail trade and repairing services	32,282	4.6	28,084	5.2
Public administration and defence; compulsory social security	18,653	2.6	20,559	3.8
Transport and storage	16,737	2.4	15,401	2.9
Information and communications	23,261	3.3	24,022	4.5
Electricity, gas and water supply; waste management	14,064	2.0	14,678	2.7
Professional, scientific and technical	18,113	2.6	17,385	3.2
Administrative and support services	8,249	1.2	9,695	1.8
Accommodation and food services	6,762	1.0	6,283	1.2
Education	7,229	1.0	7,499	1.4
Agriculture, forestry and fishing	4,539	0.6	4,698	0.9
Human health and social work	3,717	0.5	3,722	0.7
Arts, recreation and other services	1,589	0.2	2,068	0.4
Activities of households as employers	1,309	0.2	1,503	0.3
(less imputed bank services)	(19,815)	(2.8)	(22,575)	(4.2)
Total GDP	**705,159**	**100.0**	**535,311**	**100.0**

Source: Statistics Centre.

	2010		2011		2012		2013	
	(AED millions)	*Contribution (%)*	*(AED millions)*	*Contribution (%)*	*(AED millions)*	*Contribution (%)*	*(AED millions)*	*Contribution (%)*
Mining and quarrying (including crude oil and natural gas)	317,237	49.6	484,737	57.3	518,861	57.0	523,899	55.0
Construction	82,781	12.9	83,516	9.9	83,153	9.4	85,358	9.0
Manufacturing	35,813	5.6	47,967	5.7	48,208	5.3	54,261	5.7
Real estate	27,555	4.3	34,693	4.1	40,334	4.4	45,417	4.8
Financial institutions and insurance	29,332	4.6	32,885	3.9	40,742	4.5	45,799	4.8
Wholesale, retail trade and repairing services	28,524	4.5	28,086	3.3	31,639	3.5	34,782	3.6
Public administration and defence; compulsory social security	30,662	4.8	33,506	4.0	40,293	4.4	43,757	4.6
Transport and storage	21,236	3.3	29,238	3.5	32,038	3.4	35,014	3.7
Information and communications	19,038	3.0	19,337	2.3	18,736	2.1	21,601	2.3
Electricity, gas and water supply; waste management	16,536	2.6	18,996	2.2	22,100	2.4	23,857	2.5
Professional, scientific and technical	18,032	2.8	19,160	2.3	18,356	2.0	20,921	2.2
Administrative and support services	7,935	1.2	9,643	1.1	9,777	1.1	11,134	1.2
Accommodation and food services	7,548	1.2	8,477	1.0	8,665	1.0	9,672	1.0
Education	6,986	1.1	9,058	1.1	10,660	1.2	11,880	1.2
Agriculture, forestry and fishing	4,556	0.7	5,136	0.6	5,365	0.6	5,451	0.6
Human health and social work	3,670	0.6	5,644	0.7	8,011	0.9	9,290	1.0
Arts, recreation and other services	3,414	0.5	2,483	0.3	2,822	0.3	3,351	0.4
Activities of households as employers	1,572	0.2	1,787	0.2	2,084	0.2	2,358	0.2
(less imputed bank services)	(22,475)	(3.5)	(27,665)	(3.3)	(32,123)	(3.5)	(34,662)	(3.6)
Total GDP	**639,952**	**100.0**	**846,684**	**100.0**	**909,721**	**100.0**	**953,239**	**100.0**

Source: Statistics Centre.

The table below shows Abu Dhabi's real GDP by economic activity and the year-on-year real growth rate in each sector for each of the years indicated.

	2008		2009	
	(AED millions)	*Real growth rate (%)*	*(AED millions)*	*Real growth rate (%)*
Mining and quarrying (including crude oil and natural gas)	330,515	7.5	284,570	(13.9)
Construction	57,393	22.0	75,903	32.3
Manufacturing	32,790	(7.0)	30,170	(8.0)
Financial institutions and insurance	25,249	(7.5)	27,167	7.6
Wholesale, retail trade and repairing services	26,320	2.7	23,744	(9.8)
Real estate	18,663	15.1	20,034	7.3
Public administration and defence; compulsory social security	12,043	4.1	13,197	9.6
Information and communications	23,161	5.6	23,768	2.6
Transport and storage	13,610	11.7	13,727	0.9
Professional, scientific and technical	15,766	2.6	15,015	(4.8)
Electricity, gas and water supply; waste management	13,393	5.8	14,740	10.1
Administrative and support services	7,181	(19.0)	8,373	16.6
Education	6,137	0.3	6,628	8.0
Accommodation and food services	4,963	2.0	4,674	(5.8)
Agriculture, forestry and fishing	4,860	10.8	4,570	(6.0)
Human health and social work	2,471	40.6	2,442	(1.2)
Arts, recreation and other services	1,393	(31.0)	1,845	32.5
Activities of households as employers	1,139	12.7	1,298	13.9
(less imputed bank services)	(16,917)	4.2	(20,339)	20.2
Total GDP	**580,130**	**6.4**	**551,525**	**(4.9)**

Source: Statistics Centre.

	2010		2011		2012	
	(AED millions)	*Real growth rate (%)*	*(AED millions)*	*Real growth rate (%)*	*(AED millions)*	*Real growth rate (%)*
Mining and quarrying (including crude oil and natural gas)	303,891	6.8	339,575	11.7	352,616	3.8
Construction	83,263	9.7	83,759	0.6	87,096	4.0
Manufacturing	32,075	6.3	37,830	17.9	41,483	9.7
Financial institutions and insurance	21,783	(5.2)	27,384	6.7	31,969	3.8
Wholesale, retail trade and repairing services	25,742	0.3	27,462	(2.1)	28,491	8.2
Real estate	23,826	8.7	23,315	25.7	25,235	16.8
Public administration and defence; compulsory social security	19,248	45.9	20,738	7.7	21,384	3.1
Information and communications	16,675	(19.3)	18,739	(1.9)	20,916	2.2
Transport and storage	19,173	21.5	18,808	12.4	19,224	11.6
Professional, scientific and technical	15,403	0.7	16,798	4.3	18,076	13.9
Electricity, gas and water supply; waste management	15,115	4.5	15,761	9.1	17,955	7.6
Administrative and support services	6,651	(20.6)	7,932	19.3	9,037	13.9
Education	5,824	4.5	7,314	5.2	7,914	1.4
Accommodation and food services	6,926	24.6	7,287	25.6	7,385	8.2
Agriculture, forestry and fishing	4,488	(1.8)	5,006	11.5	5,196	3.8
Human health and social work	2,396	(1.9)	3,612	50.8	3,986	10.4
Arts, recreation and other services	3,037	64.6	2,146	(29.3)	2,627	5.6
Activities of households as employers	1,318	1.5	1,470	11.5	1,642	11.7
(less imputed bank services)	(19,724)	(3.0)	(23,102)	17.1	(23,823)	3.1
Total GDP	**587,107**	**6.5**	**641,831**	**9.3**	**678,049**	**5.6**

Source: Statistics Centre.

ABU DHABI'S RATINGS

Abu Dhabi's long-term foreign and local currency issuer ratings were affirmed at Aa2 and its short-term foreign and local currency issuer ratings at Prime-1 by Moody's on 11 August 2013. The factors cited as supporting this high investment grade rating were a strong government balance sheet, abundant hydrocarbon resources, high per capita income, domestic political stability and strong international relations. The factors cited as constraining the ratings were a troubled regional political environment, lower World Bank governance scores than other highly rated countries, volatile GDP caused by concentration on hydrocarbons and substantial debt of government-related enterprises.

Abu Dhabi's long-term sovereign credit ratings were affirmed at AA (long-term) and A-1+ (short-term) by S&P on 6 April 2014. The ratings are supported by the government's strong fiscal and external positions which afford it fiscal policy flexibility. The strength of the government's net asset positions also provides a buffer to counter the negative impact of oil price volatility on economic growth, government revenue and the external account. The ratings are, however, constrained by less developed political institutions, and bigger structural weaknesses than non-regional peers in the same ratings category. They are also constrained by contingent liabilities from state-owned and government-related enterprises and, to a lesser extent, liabilities more broadly related to the UAE. Limited monetary policy flexibility also constrains the ratings.

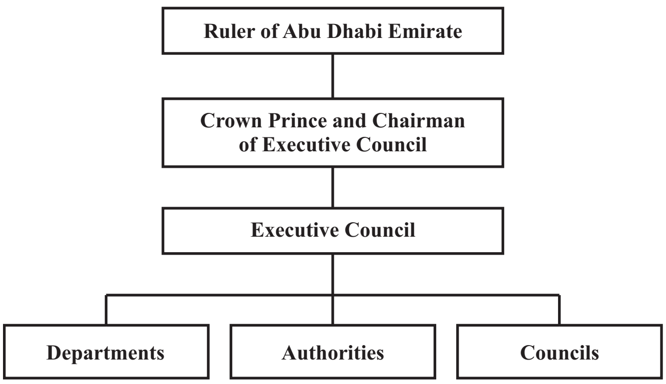
Abu Dhabi's long-term foreign and local currency issuer default ratings were affirmed at AA and its short-term foreign currency issuer default ratings were affirmed at F1+ by Fitch on 22 August 2013. Fitch cited the following rating factors as strengths: Abu Dhabi's sovereign balance sheet is the third strongest of any sovereign rated by Fitch; Abu Dhabi is one of the world's largest hydrocarbon producers on a per capita basis; economic growth is above the peer median and non-oil growth is stronger and less volatile than the peer group; and GDP per capita is the highest of all Fitch-rated sovereigns. Fitch also cited the following rating factors as weaknesses: the government relies on oil for around 90% of fiscal and external revenue; a weaker economic policy outlook than for peers; contingent liabilities from its state-owned enterprises, banks and other emirates; there is a lack of information on the absolute size of foreign assets and significant gaps in economic data; and financial market development is weak compared to peers.

ABU DHABI GOVERNMENT

Executive authority in Abu Dhabi is derived from the Ruler, H.H. Sheikh Khalifa bin Zayed Al Nahyan, and the Crown Prince, H.H. Sheikh Mohamed bin Zayed Al Nahyan. The Crown Prince is also the chairman of the Executive Council, which is the principal executive authority below the Ruler and the Crown Prince. The Executive Council currently comprises 14 members appointed by Emiri Decree issued in March 2014.

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

The chart below summarises the structure of the Abu Dhabi government.



The Abu Dhabi government owns or has significant shareholdings in a number of companies. The most important companies owned by the Abu Dhabi government are ADNOC, which manages all aspects of the Emirate's oil and gas industry, Mubadala Development Company PJSC, an investment and development company, International Petroleum Investment Company, which principally invests in international oil and gas interests, Tourism and Development Investment Company, which is a developer of tourism and real estate assets in Abu Dhabi and is charged with fulfilling the Emirate's ambition to become a global tourist destination, and ADIA and Abu Dhabi Investment Council, which are the vehicles through which the Abu Dhabi government has historically invested its surplus hydrocarbon revenue and, in the case of ADIA, through which the government has funded budget deficits when they have arisen in the past. Each of these companies is wholly owned by the Abu Dhabi government and one or more members of the Executive Council sit on the boards of each company.

ABU DHABI'S ECONOMIC STRATEGY

The Abu Dhabi government's development strategy is articulated in the Abu Dhabi Policy Agenda 2007-2008 (the "**Policy Agenda**") and the Abu Dhabi Economic Vision 2030, issued by the government in January 2009 (the "**2030 Economic Vision**"). Drawing on the Policy Agenda, the 2030 Economic Vision sets forth a roadmap for developing the Abu Dhabi government's strategy for economic development over the period to 2030.

The Policy Agenda establishes broad, long-term policy goals to drive economic, social and geopolitical/governance change in the Emirate of Abu Dhabi. Under the Policy Agenda, diversifying the energy sector and the economy is a key step in achieving economic development, including through the strengthening of downstream hydrocarbon capabilities (refining, transportation and distribution), the application of better processes, products and technologies and the expansion of the proportion of value added exports, such as refined and semi-refined products in the petrochemicals sector, from the Emirate of Abu Dhabi. The Policy Agenda also calls for the pursuit of the geographic diversification of the Emirate's assets through strategic investments in upstream, midstream and downstream hydrocarbon assets outside the UAE (in which the Group is playing a part) and the leveraging of Abu Dhabi's strengths in the hydrocarbon sector to diversify into other industrial sectors, such as the development of Abu Dhabi as a world leader in the petrochemicals industry.

In addition, the Policy Agenda identifies the need to develop a sufficient and resilient infrastructure (including power and water infrastructure) capable of supporting anticipated economic growth and the Group is playing a significant enabling role in the implementation of this policy through its majority-ownership interest in all of Abu Dhabi's operating non-renewable power generation facilities.

TAQA'S RELATIONSHIP WITH THE GOVERNMENT OF ABU DHABI

TAQA was established in June 2005 by Emiri Decree to participate in the privatisation of Abu Dhabi's power and water generation infrastructure. Since that time, ADWEA has contributed to the Group 54% ownership interests in eight power generation and water desalination assets in the UAE. As a result, the Group, through its majority ownership interests in these assets, provides more than 95% of the electricity and water requirements of the Emirate of Abu Dhabi. In addition, ADWEA has contributed other significant assets to TAQA, including a 40% ownership interest in Sohar Aluminium.

The Abu Dhabi government is the majority shareholder of TAQA and, through The Regulation and Supervision Bureau (the "**Bureau**"), is regulator for the power and water sector in Abu Dhabi, see "— *Overview of the Power and Water Sector in Abu Dhabi*" below. The Abu Dhabi government is also represented on TAQA's Board of Directors, with the Chairman of the Board being a member of the Abu Dhabi Executive Council and the Chairman of Abu Dhabi's Department of Finance. In addition, three of TAQA's directors also have positions at ADWEA and two of TAQA's directors also have positions at ADIA. In July 2008, TAQA issued AED 4.15 billion of convertible bonds, AED 2.7 billion of which were subscribed by its Abu Dhabi government shareholders. The convertible bonds were mandatorily converted in September 2008 into shares of TAQA at a ratio of 500 shares per AED 1,000 nominal amount of bonds. Following the conversion, the government's total indirect shareholding was diluted from its previous level of 75.1%

As discussed above, TAQA is mandated to implement a significant part of the development strategy, particularly the government's initiative to diversify geographically Abu Dhabi's oil and gas assets and to develop a sufficient and resilient power and water infrastructure. In January 2011, the Abu Dhabi Department of Finance confirmed that the Abu Dhabi government's policy is to provide broad and ongoing support to a limited number of government-owned entities, including TAQA.

OVERVIEW OF THE POWER AND WATER SECTOR IN ABU DHABI

Power in Abu Dhabi is generated in predominantly gas-fired power stations located throughout the Emirate of Abu Dhabi, almost all of which are part-owned by the Group.

Transmission of electricity and water from production/generation companies to the two distribution companies in the Emirate of Abu Dhabi is undertaken by TRANSCO. Transmission lines at voltages of 400, 220 and 132 kilovolts connect the major centres of generation and demand. The peak demand in 2012 was 8,524MW, excluding an export of 2,094MW to other emirates, according to the Bureau.

Power is distributed to customers at 33, 22 and 11 kilovolts and 400/230 volts through two licensed distributors based in Abu Dhabi city (Abu Dhabi Distribution Company (“**ADDC**”)) and Al Ain (Al Ain Distribution Company (“**AADC**”), respectively. ADDC has around 28,000km of network and AADC has around 19,000km of network. The peak demand of the two companies in 2009 was approximately 3,900MW and 1,800MW, respectively.

Potable water is produced mainly from desalination plants. Desalination takes place predominantly alongside the generation of electricity in cogeneration stations. Water is transmitted through trunk mains pipelines of 500mm to 1,600mm and pumping stations with a collective pumping capacity of approximately 2,100MIGD. TRANSCO supplies approximately 215,000MIG of water per annum and the maximum peak-day supply (including Northern Emirates demand) was 7275MIGD in 2012, according to the Bureau.

Distribution to customers is carried out by ADDC and AADC principally through main pipelines with a diameter of between 80mm and 1,000mm The distribution network in the Emirate of Abu Dhabi consists of over 11,300km of pipelines. The average quantities distributed are approximately 579MIGD.

The Group is not involved in the transmission or distribution of power or water in the UAE.

In December 2009, the Abu Dhabi government established Emirates Nuclear Energy Corporation (“**ENEC**”) as the entity responsible for developing nuclear power plants in the UAE. In April 2010, ENEC applied for licences to commence preliminary work at its preferred site at Braka in Abu Dhabi, approximately 53km southwest of the city of Ruwais. Final approval of the proposed site location for the four planned plants rests with the UAE Federal Authority for Nuclear Regulation. ENEC has appointed a consortium led by Korea Electric Power Company as its prime contractor in relation to the proposed development of the nuclear plants. ENEC’s currently announced intention is to produce nuclear energy for the UAE national grid by 2017.

The Abu Dhabi government has also pledged that 7% of Abu Dhabi’s energy will come from renewable sources by 2020. The Abu Dhabi government’s principal vehicle for achieving this pledge is the Masdar Project being undertaken by Abu Dhabi Future Energy Company (“**Masdar**”), which is indirectly wholly owned by the Abu Dhabi government. Masdar is currently participating in, or conducting feasibility studies in respect of, a number of renewable energy projects, including the Shams 1 power project, a 100MW concentrated solar power project located at Madinat Zayed between the coast and the oasis of Liwa. The Shams 1 power plant is one of the largest thermal solar power plants in the world. Construction began in July 2010 and the plant commenced operations in March 2013.

TAXATION

The following summary of certain United States, European Union and United Arab Emirates tax consequences of ownership of Notes is based upon laws, regulations, decrees, rulings, income tax conventions, administrative practice and judicial decisions in effect at the date of this Prospectus. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the Notes. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of Notes. Each prospective holder is urged to consult its own tax adviser as to the particular tax consequences to such holder of the ownership and disposition of Notes, including the applicability and effect of any other tax laws or tax treaties, and of pending or proposed changes in applicable tax laws as of the date of this Prospectus, and of any actual changes in applicable tax laws after such date.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS PROSPECTUS 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 U.S. INTERNAL REVENUE CODE OF 1986 (THE "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 does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and the supplementary Prospectus or the relevant Final Terms may contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note if appropriate. This summary deals only with initial purchasers of Notes at their issue price (as defined below) 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 the alternative minimum tax, the net investment tax or state, local, non-U.S. or other tax laws. In particular, this summary 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, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar). Moreover, the summary deals only with Notes with a term of 30 years or less and assumes that the Notes it describes will be characterised as debt for U.S. federal tax purposes. The U.S. federal income tax consequences of owning Notes with a longer term, or which are not characterised as debt, may be discussed in the supplementary Prospectus or the relevant Final Terms, as applicable.

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation created or organised in or under the laws of the United States or any State thereof, (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 an entity treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities treated as partnerships for U.S. federal income tax purposes should consult their tax adviser 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 Code, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect 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. 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, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

PAYMENTS OF INTEREST

General

Interest on a Note, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a "**foreign currency**"), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "— *Original Issue Discount — General*"), 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 tax purposes. Interest paid by the Issuer on the Notes and original issue discount ("**OID**"), if any, accrued with respect to the Notes (as described below under "**Original Issue Discount**") generally will constitute income from sources outside the United States.

ORIGINAL ISSUE DISCOUNT

General

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with OID. The following summary does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes. In the event the Issuer issues contingent payment debt instruments, the supplementary Prospectus or the relevant Final Terms may describe the material U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a "**Short-Term Note**"), will be treated as issued with OID (a "**Discount Note**") if the excess of the Note's "stated redemption price at maturity" over its issue price is equal to or more than a *de minimis* amount (0.25% of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest". A qualified stated interest payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under "— *Variable Interest Rate Notes*"), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount 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 Discount Note's adjusted issue price at the beginning of the accrual period and the Discount 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 qualified stated interest on the Note allocable to the accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such 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 sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Market Discount

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a "**Market Discount Note**") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's "revised issue price", exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25% of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years 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 and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Under current law, any gain recognised on the maturity or disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) 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 shall apply 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 to which the election applies. This election may not be revoked without the consent of the Internal Revenue Service (the "**IRS**"). A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Under current law, market discount 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 Market Discount Note with respect to which it is made and is irrevocable.

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 stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described below under "— *Notes Purchased at a Premium*") or acquisition premium. This election will generally apply 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 with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Variable Interest Rate Notes

Notes that provide for interest at variable rates ("**Variable Interest Rate Notes**") generally will bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A "**qualified floating rate**" is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (for example, two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (that is, a cap) or a minimum numerical limitation (that is, a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (for example, one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A "qualified inverse floating rate" is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (for example, the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A "**current value**" of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument", then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a "true" discount (that is, at a price below the Note's stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from "true" discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a "variable rate debt instrument", then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt obligations may be more fully described in the supplementary Prospectus or the relevant Final Terms.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

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 OID even if the original Notes had no OID, or the additional Notes may have a greater amount 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.

NOTES PURCHASED AT A PREMIUM

A U.S. Holder that purchases a Note for an amount in excess of its principal amount or, for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as "amortisable bond premium", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) 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 is irrevocable without the consent of the IRS. See also "*— Original Issue Discount — Election to Treat All Interest as Original Issue Discount*" above. A U.S. Holder that does not elect to take amortisable bond premium (other than acquisition premium) into account currently will recognise a capital loss when the Note matures.

PURCHASE, SALE AND RETIREMENT OF NOTES

A U.S. Holder's tax basis in a Note will generally be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note.

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the tax basis of the Note. 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. Except to the extent described above under "*— Original Issue Discount — Market Discount*" or "*Original Issue Discount — Short-Term Notes*" or attributable to changes in exchange rates (as discussed below), gain or loss recognised 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 U.S. Holder's holding period in the Notes exceeds 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.

FOREIGN CURRENCY NOTES

Interest

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder 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, or determined by reference to, a foreign currency 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 IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, 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.

OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency 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. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale of the Note), a 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.

Market Discount

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder 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 may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder 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.

Amortisable Bond Premium

Amortisable bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such amortisable bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date amortisable bond premium offsets interest income, a U.S. Holder 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.

Sale or Retirement

As discussed above under "— *Purchase, Sale and Retirement of Notes*", a U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and its tax basis in the Note. A U.S. Holder's tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Note. The U.S. dollar cost of a Note purchased with foreign currency 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, as defined in 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 on a sale or retirement for an amount in foreign currency 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, as defined in the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder 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 will be realised only to the extent of total gain or loss realised on the sale or retirement (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest).

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its 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

In general, payments of interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, the Notes payable to a U.S. Holder 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 will apply to these payments and to accruals of 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. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds 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. In the event the acquisition, holding or disposition of Notes constitutes participation in a reportable transaction for purposes of these rules, a U.S. Holder will be required 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. Accordingly, if a U.S. Holder realises a loss on any Note (or, possibly, aggregate losses from the Notes) satisfying the monetary thresholds discussed above, the U.S. Holder could be required to file an information return with the IRS, and failure to do so may subject the U.S. Holder to the penalties described above. In addition, the Issuer and its advisers may also be required to disclose the transaction to the IRS, and to maintain a list of U.S. Holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules to the acquisition, holding or disposition of Notes.

Certain U.S. Holders may be required to report to the IRS certain information with respect to their beneficial ownership of the Notes. Investors who fail to report required information could be subject to substantial penalties. U.S. Holders should consult their tax advisers regarding the application of this legislation.

THE PROPOSED FINANCIAL TRANSACTIONS ACT ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

EU SAVINGS DIRECTIVE

The European Union has adopted a Directive regarding the taxation of savings income. The Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to (or for the benefit of) an individual or to certain other persons in another Member State, except that Austria and Luxembourg may instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January, 2015, in favour of automatic information exchange under the Directive. The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution" or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer may be classified as an FFI.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterized as equity and which have a fixed term) for U.S. federal tax purposes that are issued on or after the "**grandfathering date**", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS.

If the Issuer becomes a Participating FFI under FATCA, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the clearing systems, given that each of the entities in the payment chain between the Issuer and the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

UNITED ARAB EMIRATES

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

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

SUBSCRIPTION AND SALE

SUMMARY OF DEALER AGREEMENT

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 23 April 2014 (such dealer agreement as modified and/or supplemented and/or restated from time to time, the "**Dealer Agreement**") between the Issuer, the Permanent Dealers and the Arrangers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. One or more Dealers may purchase the Notes, as principal or agent, from the Issuer from time to time for his/their own account or for resale to investors and other purchasers at varying prices relating to prevailing market prices at the time of resale as determined by any Dealer or, if so specified in the relevant Final Terms (or the relevant Pricing Supplement, in the case of Exempt Notes), for resale at a fixed offering price. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that may be jointly and severally, or severally, underwritten by two or more Dealers. To the extent that any Dealers that are not U.S. registered broker-dealers intend to effect any sales of the Notes in the United States, they will only do so through one or more U.S. registered broker-dealers as permitted by Financial Industry Regulatory Authority ("**FINRA**") regulations.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse each Arranger for certain of its expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme.

Unless otherwise specified in the relevant Final Terms (or the relevant Pricing Supplement, in the case of Exempt Notes), any Notes sold to one or more Dealers as principal will be purchased by such Dealers at a price equal to 100% of the principal amount thereof or such other price as may be set forth in the relevant Final Terms or relevant Pricing Supplement (as applicable) less a percentage of the principal amount equal to a commission as agreed upon by the Issuer and the relevant Dealers. A Dealer may sell the Notes it has purchased from the Issuer as principal to certain dealers less a concession equal to all or any portion of the discount received in connection with such purchase. Such Dealer may allow, and such dealers may reallow, a discount to certain other dealers. After the initial offering of the Notes, the offering price, the concession and the reallowance may be changed.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Certain of the Dealers and their respective affiliates have, in the past, performed investment banking and advisory services for, and provided credit facilities to, the Issuer for which they have received customary fees and expenses. Each of the Dealers and their respective affiliates may, from time to time, engage in further transactions with, and perform services for, the Issuer in the ordinary course of their respective businesses. The Issuer may apply all or part of the proceeds of any Notes issued pursuant to the Programme in repayment of all or part of any such credit facilities.

SELLING RESTRICTIONS

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Principal Paying and Transfer Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Principal Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period (other than resales pursuant to Rule 144A) a confirmation or other notice setting out 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. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States or to any U.S. person, other than any qualified institutional buyer within the meaning of Rule 144A to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Prospectus by any non-U.S. person outside the United States or by any qualified institutional buyer in the United States to any U.S. person or to any other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer, is prohibited.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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 Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

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

provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any 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 the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is (a) an "Exempt Offer" in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority (the "**DFSA**"); and (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

State of Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Act**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws, regulations and ministerial guidelines of Japan.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Notes pursuant to an offering should note that the offer of Notes is being made as a private placement under Article 10 or Article 11 of the "Offer of Securities

Regulations" as issued by the Board of the Saudi Arabian Capital Market Authority ("**CMA**") resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the "**KSA Regulations**"), through a person authorised by the CMA to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes to a Saudi Investor will be made in compliance with the KSA Regulations.

The offer of Notes shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Notes pursuant to a private placement may not offer or sell those Notes to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and: (a) the Notes are offered or sold to a "sophisticated investor" (as defined in Article 10 of the KSA Regulations); (b) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyal 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes, except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

(i) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more;

(ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(iii) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

State of Qatar

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes in the State of Qatar, except: (a) in compliance with all applicable laws and regulations of the State of Qatar; and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

State of Kuwait

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be offered, sold, promoted or advertised by it in the State of Kuwait other than in compliance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities.

No private or public offering of the Notes is being made in the State of Kuwait, and no agreement relating to the sale of the Notes will be concluded in the State of Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Notes in the State of Kuwait.

Republic of Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than: (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"); (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the SFA or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than: (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) (the "**SFO**") of Hong Kong and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

The PRC

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

GENERAL

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms (or the Pricing Supplement, in the case of Exempt Notes) issued in respect of the issue of Notes to which it relates or in a supplement to this Prospectus.

Neither the Issuer nor any Dealer has made any representation that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Prospectus or any other offering material or any Final Terms or Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus, any other offering material or any Final Terms or Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefor.

TRANSFER RESTRICTIONS

RULE 144A NOTES

Each purchaser of Rule 144A Notes, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that:

(i) It is (a) a QIB, (b) acquiring such Notes for its own account, or for the account of a QIB, (c) not formed for the purpose of investing in the Issuer and (d) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A.

(ii) The Rule 144A Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.

(iii) The Rule 144A Notes, unless the Issuer determines otherwise in compliance with applicable law, will bear a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "**QIB**"), THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THE NOTES.

(iv) It understands that the Issuer, the Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

(v) It understands that the Rule 144A Notes will be evidenced by a Rule 144A Global Note Certificate. Before any interest in the Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note Certificate, it will be required to provide a Paying and Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

REGULATION S NOTES

Each purchaser of Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes pursuant to resales prior to the expiration of the distribution compliance period, by accepting delivery of this Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

(i) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.

(ii) It understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

(iii) It understands that such Notes, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend substantially to the following effect:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT."

(iv) It understands that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

(v) It understands that the Notes offered in reliance on Regulation S will be represented by the Regulation S Global Note Certificate. Prior to the expiration of the distribution compliance period, before any interest in the Rule 144A Global Note Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche of Notes, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms dated [ ]

Abu Dhabi National Energy Company PJSC

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the U.S.$9,000,000,000

Global Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 23 April 2014 [and the supplemental Prospectus dated [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the supplemental Prospectus] [have][has] been published on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") contained in the Trust Deed dated [*original date*] and set forth in the Prospectus dated [*original date*] [and the supplemental Prospectus dated [ ]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus dated [*original date*] [and the supplemental Prospectus dated [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, including the Conditions incorporated by reference in the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectuses [and the supplemental Prospectuses] have been published on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

[*Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.*]

1	Issuer:		Abu Dhabi National Energy Company PJSC
2	(i)	Series Number:	[ ]
	(ii)	[Tranche Number:	[ ]]
	(iii)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date [in the case of the Rule 144A Global Note Certificate and]/exchange of the Temporary Regulation S Global Note Certificate for interest in the Permanent Regulation S Global Note Certificate, as referred to in paragraph 22 below, which is expected to occur on or about [*date*]][Not Applicable]
3	Specified Currency or Currencies:		[ ]
4	Aggregate Nominal Amount of Notes:		
	(i)	Series:	[ ]

	(ii)	Tranche:	[ ]
5	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date] (if applicable)*]
6	(i)	Specified Denominations:	[ ]
	(ii)	Calculation Amount:	[ ] [*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor.*] [*Note: There must be a common factor in the case of two or more Specified Denominations*]
7	(i)	Issue Date:	[ ]
	(ii)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable]
8	Maturity Date:		[*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*][2]
9	Interest Basis:		[[ ] per cent. Fixed Rate] [[*Specify reference rate*] +/- [ ] per cent. Floating Rate] [Zero Coupon]] (see paragraph [14]/[15]/[16] below)
10	Redemption/Payment Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount
11	Change of Interest Basis:		[*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there*][Not Applicable]
12	Put/Call Options:		[General Put Option] [Change of Control Put Option] [Call Option] [(see paragraph [[18]/[19]/[20] below)]
13	[(i)]	Status of the Notes:	[Senior]
	(ii)	[Date approval for issuance of Notes obtained:]	[ ] [and [ ], respectively] [*(N.B. Only relevant where authorisation is required for the particular tranche of Notes)*]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	**Fixed Rate Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate[(s)] of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(ii)	Interest Payment Date(s):	[ ] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*/not adjusted]
	(iii)	Fixed Coupon Amount[(s)]:	[ ] per Calculation Amount[3]

2 Note that for Renminbi-denominated Fixed Rate Notes where Interest Payment Dates are subject to modification it will be necessary to use the second option here.

3 For Renminbi-denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest RMB 0.01, RMB 0.005 being rounded upwards."

(iv)	Broken Amount(s):	[[ ] per Calculation Amount payable on the Interest Payment date falling [in/on] [ ]][Not Applicable]
(v)	Day Count Fraction:	[Actual/Actual (ICMA/ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond basis] [30E/360 (ISDA)] (*See Condition 5(j) for alternatives*)
(vi)	[Determination Dates:	[[ ] in each year][Not Applicable] *(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*]

15	**Floating Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Interest Period(s):	[ ]
(ii)	Specified Interest Payment Dates:	[ ]
(iii)	First Interest Payment Date:	[ ]
(iv)	Interest Period Date:	[ ] (*Not applicable unless different from Interest Payment Date*)
(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ [*specify other*]]
(vi)	Business Centre(s):	[ ]
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(viii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[ ] [Not Applicable]
(ix)	Screen Rate Determination:	
	– Reference Rate:	[ ] month [LIBOR/EURIBOR/HIBOR/CNH HIBOR]
	– Interest Determination Date(s):	[ ]
	– Relevant Screen Page:	[ ]
(x)	ISDA Determination:	
	– Floating Rate Option:	[ ]
	– Designated Maturity:	[ ]
	– Reset Date:	[ ] (*In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period*)
(xi)	Linear Interpolation:	[Not Applicable/Applicable — the Rate of Interest for the [long/short][first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
(xii)	Margin(s):	[+/-][ ] per cent. per annum
(xiii)	Minimum Rate of Interest:	[ ] per cent. per annum

	(xiv) Maximum Rate of Interest:	[ ] per cent. per annum
	(xv) Day Count Fraction:	[Actual/Actual (ICMA/ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond basis] [30E/360 (ISDA)] (*See Condition 5(j) for alternatives*)
16	**Zero Coupon Note Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Amortisation Yield:	[ ] per cent. per annum
	(ii) Reference Price:	[ ]
	(iii) Day Count Fraction in relation to Early Redemption Amounts	[Actual/Actual (ICMA/ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond basis] [30E/360 (ISDA)] (*See Condition 5(j) for alternatives*)

PROVISIONS RELATING TO REDEMPTION

17	**Call Option**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount(s) of each Note:	[ ] per Calculation Amount
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[ ] per Calculation Amount
	(b) Maximum Redemption Amount:	[ ] per Calculation Amount
	(iv) Notice periods:	Minimum period: [ ] days Maximum period: [ ] days
18	**General Put Options**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount(s) of each Note:	[ ] per Calculation Amount
	(iii) Notice periods:	Minimum period: [ ] days Maximum period: [ ] days
19	**Change of Control Put Option**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Put Date:	[ ]
	(ii) Change of Control Redemption Amount:	[ ] per Calculation Amount
	(iii) Put Period:	[ ]
20	**Final Redemption Amount of each Note**	[ ] per Calculation Amount

21 Early Redemption Amount

	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default:	[ ] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22	Form of Notes:	Registered Notes: [[Temporary] Regulation S Global Note Certificate ([ ] nominal amount) registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg][which is exchangeable for a Permanent Regulation S Global Note Certificate] [Rule 144A Global Note Certificate ([ ] nominal amount) registered in the name of a nominee for DTC]
23	Additional Financial Centre(s):	[Not Applicable/*give details.* (*Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraph 15(iv) relates*]
24	Provisions applicable to Renminbi Notes:	[Applicable/Not Applicable] [*if not applicable, delete the remaining sub-paragraphs of this paragraph*]
	(i) Relevant Currency:	[*give details*]
	(ii) RMB Currency Event	[Applicable/Not Applicable]

[[*Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

....

By:

Duly authorised

PART B — OTHER INFORMATION

1 LISTING

(i) Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market*] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market*] with effect from [ ].]
(ii) Estimate of total expenses related to admission to trading:	[ ]

2 RATINGS

Ratings:	The Notes to be issued have been rated: [Moody's Investors Service España, S.A. ("**Moody's**"): [ ] Moody's is established in the EU and registered under Regulation (EC) No 1060/2009 (as amended) (the "**CRA Regulation**").] [Standard & Poor's Credit Market Services Europe Limited ("**S&P**"): [ ] S&P is established in the EU and registered under Regulation (EC) No 1060/2009 (as amended) (the "**CRA Regulation**").] [[Other (*specify full legal name*)]: [ ]] (*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*)

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[[Save as discussed in "*Subscription and Sale*"], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business]

4 REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) [Reasons for the offer:	[ ]
(ii) [Estimated net proceeds:]	[ ]
(iii) [Estimated total expenses:]	[ ] (*Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.*)

5 [Fixed Rate Notes only — YIELD

Indication of yield:	[ ] per cent. per annum [on a [[semi-]annual]/[quarterly] basis] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6 HISTORIC INTEREST RATES (*Floating Rate Notes only*)

Details of historic [LIBOR/EURIBOR/HIBOR/CNH HIBOR/*specify other Reference Rate*] rates can be obtained from [Reuters].

7 OPERATIONAL INFORMATION

(i)	ISIN Code:	[ ]
(ii)	Common Code:	[ ]
(iii)	CUSIP Number:	[ ]
(iv)	Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, *société anonyme* and/or DTC and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(v)	Delivery:	Delivery [against/free of] payment
(vi)	Names and addresses of initial Paying and Transfer Agent(s):	[ ]
(vii)	Names and addresses of additional Paying and Transfer Agent(s) (if any):	[ ]

8 DISTRIBUTION

(i)	Method of distribution:	[Syndicated/Non-Syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(iii)	Date of [Subscription] Agreement:	[ ]
(iv)	Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
(v)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(vi)	U.S. Selling Restrictions:	[Rule 144A/Reg S Compliance Category 2; TEFRA not applicable]

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement that will be issued in respect of each Tranche of Exempt Notes, whatever the denomination of those Notes, issued under the Programme.

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF NOTES DESCRIBED BELOW AND THE PRICING SUPPLEMENT WHICH DOCUMENTS SUCH NOTES IS THEREFORE NOT COMPLIANT WITH DIRECTIVE 2003/71/EC. THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THIS PRICING SUPPLEMENT.

Pricing Supplement dated [ ]

Abu Dhabi National Energy Company PJSC

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the U.S.$9,000,000,000

Global Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 23 April 2014 [and the supplemental Prospectus dated [ ]]. This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Prospectus [as so supplemented]. Copies of the Prospectus [and the supplemental Prospectus] may be obtained from [*address*].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") contained in the Trust Deed dated [*original date*] and set forth in the Prospectus dated [*original date*] [and the supplemental Prospectus dated [ ]]. This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Prospectus dated [*original date*] [and the supplemental Prospectus dated [ ]], including the Conditions incorporated by reference in the Prospectus. Copies of the Prospectus [and the supplemental Prospectus] may be obtained from [*address*].

[*Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.*]

1	Issuer:		Abu Dhabi National Energy Company PJSC
2	(i)	Series Number:	[ ]
	[(i)	Tranche Number:	[ ]]
	(ii)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date [in the case of the Rule 144A Global Note Certificate and]/exchange of the Temporary Regulation S Global Note Certificate for interest in the Permanent Regulation S Global Note Certificate, as referred to in paragraph 22, which is expected to occur on or about [*date*]][Not Applicable]
3	Specified Currency or Currencies:		[ ]
4	Aggregate Nominal Amount of Notes:		
	(i)	Series:	[ ]
	(ii)	Tranche:	[ ]

5	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date] (if applicable)*]
6	(i)	Specified Denominations:	[ ]
	(ii)	Calculation Amount:	[ ] [*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor.*] [*Note: There must be a common factor in the case of two or more Specified Denominations*]
7	(i)	Issue Date:	[ ]
	(ii)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable]
8	Maturity Date:		[*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*][4]
9	Interest Basis:		[[ ] per cent. Fixed Rate] [[*Specify reference rate*] +/- [ ] per cent. Floating Rate] [Zero Coupon]] [*specify other*] (see paragraph [14]/[15]/[16] below)
10	Redemption/Payment Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount [*specify other*]
11	Change of Interest Basis:		[*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there*][Not Applicable]
12	Put/Call Options:		[General Put Option] [Change of Control Put Option] [Call Option] [(further particulars specified below)]
13	(i)	[Status of the Notes:]	[Senior]
	(i)	[Date approval for issuance of Notes obtained:]	[ ] [and [ ], respectively] [*(N.B. Only relevant where authorisation is required for the particular tranche of Notes)*]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	**Fixed Rate Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate[(s)] of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(ii)	Interest Payment Date(s):	[ ] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*/not adjusted]

4 Note that for Renminbi-denominated Fixed Rate Notes where Interest Payment Dates are subject to modification it will be necessary to use the second option here.

	(iii)	Fixed Coupon Amount[(s)]:	[ ] per Calculation Amount[5]
	(iv)	Broken Amount(s):	[[ ] per Calculation Amount payable on the Interest Payment date falling [in/on] [ ]][Not Applicable]
	(v)	Day Count Fraction:	[30/360][/Actual/Actual (ICMA/ISDA)/*specify other*]
	(vi)	[Determination Dates:	[[ ] in each year][Not Applicable] *(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*]
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes which are Exempt Notes:	[None/*Give details*]
15	**Floating Rate Note Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Interest Period(s):	[ ]
	(ii)	Specified Interest Payment Dates:	[ ]
	(iii)	First Interest Payment Date:	[ ]
	(iv)	Interest Period Date:	[ ] (*Not applicable unless different from Interest Payment Date*)
	(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ [*specify other*]]
	(vi)	Business Centre(s):	[ ]
	(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/ *specify other*]
	(viii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[ ]
	(ix)	Screen Rate Determination:	
		– Reference Rate:	Reference Rate: [ ] month [LIBOR/EURIBOR/ HIBOR/CNH HIBOR]/*specify other Reference Rate*].
		– Interest Determination Date(s):	[ ]
		– Relevant Screen Page:	[ ]
	(x)	ISDA Determination:	
		– Floating Rate Option:	[ ]
		– Designated Maturity:	[ ]
		– Reset Date:	[ ] (*In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period*)
	(i)	Linear Interpolation:	[Not Applicable/Applicable — the Rate of Interest for the [long/short][first/last] Interest Period shall be calculated using Linear Interpolation (*specify for*

5 For Renminbi-denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest RMB 0.01, RMB 0.005 being rounded upwards."

		each short or long interest period)]
	(ii) Margin(s):	[+/-][ ] per cent. per annum
	(iii) Minimum Rate of Interest:	[ ] per cent. per annum
	(iv) Maximum Rate of Interest:	[ ]] per cent. per annum
	(v) Day Count Fraction:	[Actual/Actual (ICMA/ISDA)] [30/360] [*specify other*]
	(vi) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes which are Exempt Notes, if different from those set out in the Conditions:	[ ]
16	**Zero Coupon Note Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Amortisation Yield:	[ ] per cent. per annum
	(ii) Reference Price:	[ ]
	(iii) Day Count Fraction in relation to Early Redemption Amounts	[Actual/Actual (ICMA/ISDA)] [30/360] [*specify other*]
	(iv) Any other formula/basis of determining amount payable for Zero Coupon Notes which are Exempt Notes:	[ ]

PROVISIONS RELATING TO REDEMPTION

17	**Call Option**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[ ] per Calculation Amount
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[ ] per Calculation Amount
	(b) Maximum Redemption Amount:	[ ] per Calculation Amount
	(iv) Notice periods:	Minimum period: [ ] days Maximum period: [ ] days
18	**General Put Options**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/*specify other*/see Appendix]
	(iii) Notice periods:	Minimum period: [ ] days Maximum period: [ ] days
19	**Change of Control Put Option**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

	(i) Put Date:	[ ]
	(ii) Change of Control Redemption Amount:	[[ ] per Calculation Amount/*specify other*/see Appendix]
	(iii) Put Period:	[ ]
20	**Final Redemption Amount of each Note**	[[ ] per Calculation Amount/*specify other*/see Appendix]
21	**Early Redemption Amount**	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default:	[[ ] per Calculation Amount/*specify other*/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22	Form of Notes:	Registered Notes: [[Temporary] Regulation S Global Note Certificate ([ ] nominal amount) registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg][which is exchangeable for a Permanent Regulation S Global Note Certificate] [Rule 144A Global Note Certificate ([ ] nominal amount) registered in the name of a nominee for DTC]
23	Additional Financial Centre(s):	[Not Applicable/*give details.* (*Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraph 15(iv) relates*]
24	Provisions applicable to Renminbi Notes:	[Applicable/Not Applicable] [*if not applicable, delete the remaining sub-paragraphs of this paragraph*]
	(i) Relevant Currency:	[*give details*]
	(ii) RMB Currency Event	[Applicable/Not Applicable]
25	Other final terms:	[Not Applicable/*give details*]

The Issuer accepts responsibility for the information contained in this Pricing Supplement. [[*Relevant third party information*] has been extracted from [*specify source*].The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer:

....

By:

Duly authorised

PART B – OTHER INFORMATION

1 LISTING

Admission to trading:	[Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed on [*specify relevant market — note this should not be a regulated market*]] with effect from [ ].] [Not Applicable.]

2 RATINGS

Ratings:	[The Notes to be issued [[have been]/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*]]

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[[Save as discussed in "*Subscription and Sale*"], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business — *Amend as appropriate if there are other interests*]

4 OPERATIONAL INFORMATION

(i)	ISIN Code:	[ ]
(ii)	Common Code:	[ ]
(iii)	CUSIP Number:	[ ]
(iv)	Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, *société anonyme* and/or DTC and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(v)	Delivery:	Delivery [against/free of] payment
(vi)	Names and addresses of initial Paying and Transfer Agent(s):	[ ]
(vii)	Names and addresses of additional Paying and Transfer Agent(s) (if any):	[ ]

5 DISTRIBUTION

(i)	Method of distribution:	[Syndicated/Non-Syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(iii)	Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
(iv)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(v)	U.S. Selling Restrictions:	Rule 144A/Reg S Compliance Category 2; [TEFRA not applicable]
(vi)	Additional selling restrictions:	[Not Applicable/*give details*] (*Additional selling restrictions are only likely to be relevant for certain structured notes, such as commodity-linked notes*)

GENERAL INFORMATION

1 The listing of the Notes (other than Exempt Notes) on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that each Tranche of the Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of one or more Certificates in respect of each Tranche. The listing of the Programme in respect of the Notes (other than Exempt Notes) is expected to be granted on or around 29 April 2014. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the Market will normally be effected for delivery on the third working day after the day of the transaction. In addition, application may be made to admit the Notes to trading on the Abu Dhabi Securities Exchange. However, unlisted Notes may be issued pursuant to the Programme.

2 The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme. The establishment of the Programme was authorised by resolutions of the Board of Directors of the Issuer passed on 11 September 2007 (pursuant to powers delegated by a resolution of the Extraordinary General Meeting of the Shareholders of the Issuer passed on 22 April 2007) and the update of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 4 February 2013.

3 There has been no significant change in the financial or trading position of the Issuer or of the Group since 31 December 2013 and no material adverse change in the prospects of the Issuer or of the Group since 31 December 2013.

4 Neither the Issuer nor any of its subsidiaries has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.

5 Notes have been accepted for clearance through the Euroclear, Clearstream, Luxembourg and/or DTC systems (which are the entities in charge of keeping the records). The Common Code, the ISIN and/or the CUSIP Number and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms (or the relevant Pricing Supplement, in the case of Exempt Notes). The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States.

6 The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

7 For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuer:

(i) the Trust Deed (which includes the form of the Certificates);

(ii) the Agency Agreement;

(iii) the Dealer Agreement;

(iv) the constitutional documents of the Issuer;

(v) the audited annual consolidated financial statements of the Issuer as at and for the years ended 31 December 2012 and 2013;

(vi) each Final Terms and Pricing Supplement (save that Pricing Supplements relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a Prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Principal Paying and Transfer Agent as to its holding of Notes and identity); and

(vii) a copy of this Prospectus together with any Supplement to this Prospectus or further Prospectus.

This Prospectus and each Final Terms for Notes that are listed on the Official List and admitted to trading on the Market will be published on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/en-gb/pricesnews/marketnews.

8 The consolidated financial statements of the Issuer as of and for the years ended 31 December 2012 and 2013 and auditors' reports thereon have been incorporated by reference herein. These consolidated financial statements have been audited by Ernst & Young, Middle East (Abu Dhabi branch) (which is authorised and regulated by the Ministry of Economy and Planning of the United Arab Emirates) as stated in their reports incorporated by reference herein.

9 Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. In particular, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer and its affiliates routinely hedge their credit exposure to the Issuer and its affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

10 TAQA's registered number is 1003072. TAQA's telephone number is +971 (0)2 691 4900.

GLOSSARY AND CERTAIN DEFINED TERMS

bbls/d	Barrels per day
bcf	Billion cubic feet
bcm	Billion normal cubic metres
boe/d	Barrels of oil equivalent per day
Brae Assets	The non-operated interests in the United Kingdom Continental Shelf, the related interest in the SAGE pipeline and the Brae-Miller Linkline located in the North Sea
brownfield	The development, extension and upgrade of existing plants at the relevant sites. Umm al Naar, Taweelah Al, Taweelah B and Fujairah are examples of brownfield developments
greenfield	The construction of new plants. Taweelah A2 and Shuweihat S1 are examples of greenfield developments
GWh	Gigawatt hours
Islamic loan facility	In the context of the transactions described in this Prospectus, a loan facility which has been structured to provide an economic return which is substantially equivalent to that provided by a parallel term loan or equity bridge loan facility while being compliant with Shari'ah law
mbbls/d	Thousand barrels per day
mboe/d	Thousand barrels of oil equivalent per day
MIG	Million Imperial Gallons
MIGD	Million Imperial Gallons per Day
mmbbls	Million barrels
mmbbls/d	Million barrels per day
mmboe	Million barrels of oil equivalent
mmboe/d	Million barrels of oil equivalent per day
mmbtu	Million British thermal units
mmcf/d	Million cubic feet per day
mmscf/d	Million standard cubic feet per day
MW	Megawatt
North Sea Assets	The operated interests in the Tern, Eider, Pelican, North Cormorant, Cormorant Alpha and Kestrel producing fields in the North Sea, the non-operated interest in the producing Hudson field, the operated interest in the Brent pipeline system and the non-operated interest in the Sullom Voe terminal
2C	Best estimate of contingent resources
3C	High estimate of contingent resources
2P	Proved and probable reserves

PRINCIPAL OFFICE OF THE ISSUER

Levels 23-25, Al Maqam Tower
Sowwah Square, Al Maryah Island
P.O. Box 55224, Abu Dhabi
United Arab Emirates

ARRANGERS AND DEALERS

Citigroup Global Markets Limited
Citigroup Centre, Canada Square
Canary Wharf, London E14 5LB
England

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
England

Mitsubishi UFJ Securities International plc
Ropemaker Place
25 Ropemaker Street
London EC2Y 9AJ
England

Société Générale
29, boulevard Haussmann
75009 Paris
France

Standard Chartered Bank
P.O. Box 999
Dubai
United Arab Emirates

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR
England

TRUSTEE

Citicorp Trustee Company Limited
Citigroup Centre, Canada Square
Canary Wharf
London E14 5LB
England

PRINCIPAL PAYING AND TRANSFER AGENT AND CALCULATION AGENT

Citibank, N.A.
Citigroup Centre, Canada Square
Canary Wharf, London E14 5LB
England

REGISTRAR AND PAYING AND TRANSFER AGENT

Citigroup Global Markets Deutschland AG
Frankfurter Welle, Reuterweg 16
60323 Frankfurt
Germany

LEGAL ADVISERS TO THE ISSUER

As to English, United States and United Arab Emirates law

Allen & Overy LLP
One Bishops Square
London E1 6AD
England

Allen & Overy LLP
52, avenue Hoche
75379 Paris
Cedex 08 France

Allen & Overy LLP
P.O. Box 7907, Abu Dhabi
United Arab Emirates

LEGAL ADVISERS TO THE DEALERS AND THE TRUSTEE

As to English, United Arab Emirates and United States law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
England

Linklaters LLP
Ninth Floor, Currency House
DIFC, P.O. Box 506516
Dubai
United Arab Emirates

AUDITORS OF THE ISSUER

Ernst & Young, Middle East (Abu Dhabi branch)
27th Floor, Nation Tower 2
Corniche Street, P.O. Box 136, Emirate of Abu Dhabi
United Arab Emirates

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