STATUTORY INSTRUMENTS

1968 No. 1874

INDUSTRIAL INVESTMENT

The Aluminium Industry (Anglesey Project) Scheme 1968

Laid before Parliament in draft

Made - - - - 21*st November* 1968

Coming into Operation 26*th November* 1968

WHEREAS in the opinion of the Board of Trade (hereinafter referred to as "the Board") the project to which the following industrial investment scheme relates is likely to benefit the economy of the United Kingdom as being calculated to create new primary production capacity in the aluminium industry:

AND whereas in the Board's opinion the project would not be undertaken without such financial support as the scheme authorises the Board to provide:

AND whereas, for the purpose of providing such support, the Board, subject to the scheme's being approved by the House of Commons, propose to enter with Anglesey Aluminium Metal Limited into an agreement in the terms of the draft agreement set out in the Schedule hereto (hereinafter referred to as "the draft Anglesey Loan Agreement"):

AND whereas a draft of the scheme has been laid before Parliament and approved by the House of Commons:

NOW, therefore, in pursuance of sections 1 and 2 of the Industrial Expansion Act 1968(a), the Board, with the approval of the Treasury, hereby make the following industrial investment scheme:—

1. This scheme relates to the project of Anglesey Aluminium Metal Limited (hereinafter referred to as "the Anglesey project") for the construction and operation at Holyhead in Anglesey of an aluminium reduction plant having an annual rated capacity of approximately 100,000 long tons of primary aluminium.

2. The Board may, for the purpose of the Anglesey project and in accordance with an agreement to be made between the Board and Anglesey Aluminium Metal Limited in the terms of the draft Anglesey Loan Agreement, make loans not exceeding in the aggregate £33,000,000 to Anglesey Aluminium Metal Limited.

3. The aggregate amount of expenditure which may be incurred by the Board under the scheme is £33,000,000.

4.—(1) This scheme may be cited as the Aluminium Industry (Anglesey Project) Scheme 1968, and shall come into operation on 26th November 1968.

(a) 1968 c. 32.

(2) The Interpretation Act 1889(a) shall apply for the interpretation of this scheme as it applies for the interpretation of an Act of Parliament.

21st November 1968.

Edmund Dell,

Minister of State,
Board of Trade

Approved by the Treasury
21st November 1968.

Walter Harrison,
E. Alan Fitch,

Two of the Lords Commissioners
of Her Majesty's Treasury.

SCHEDULE

Draft Anglesey Loan Agreement

THIS AGREEMENT is made the day of 1968 Between THE BOARD OF TRADE (hereinafter called " the Board ") of the one part and ANGLESEY ALUMINIUM METAL LIMITED whose registered office is at Austral House, Basinghall Avenue, London, E.C.2 (hereinafter called " A.A.M.") of the other part.

WHEREAS:—

(1) A.A.M. has for some time been concerned in the planning of a project (hereinafter referred to as " the project ") providing for the construction and operation of an aluminium reduction plant (hereinafter referred to as " the aluminium reduction plant ") at Holyhead, Anglesey, in the Principality of Wales having an annual rated capacity of 100,000 long tons of primary aluminium for which the Central Electricity Generating Board (hereinafter referred to as " C.E.G.B.") would supply the electrical power required (hereinafter referred to as " the power supply element of the project "):

(2) A.A.M. has entered into a contract (hereinafter referred to as " the power contract ") with C.E.G.B. for the power supply element of the project which contract contains inter alia:—

(*a*) a provision whereby A.A.M. will pay to C.E.G.B. from time to time capital sums in respect of the construction of C.E.G.B.'s Dungeness " B " power station, in respect of the cost of transmission connection and in respect of grid reinforcement; and

(*b*) a provision (hereinafter referred to as " the residual value clause ") whereby in the event of the power contract being determined in the circumstances therein specified C.E.G.B. are to pay to A.A.M. any such sum as may be calculated in accordance therewith and in the manner therein provided.

(a) 1889 c. 63.

NOW IT IS HEREBY AGREED as follows:—

WARRANTIES

1. A.A.M. hereby represents and warrants to the Board that it has obtained all necessary authorities and consents and has taken all corporate action necessary to empower it to enter into this Agreement and into the Assignment hereinafter mentioned.

ADVANCES BY THE BOARD TO A.A.M.

2. If at any time and from time to time A.A.M. by not less than two weeks' previous notice in writing shall notify the Board of its desire to borrow any sum for application in payment of the capital cost incurred by A.A.M. in relation to the power supply element of the project the Board will subject to full compliance by A.A.M. with all the requirements hereinafter contained or referred to advance such sum to A.A.M. by way of loan but so that:—

(*a*) the Board shall not be obliged so to advance any sum unless they shall be satisfied that A.A.M. has obtained an appropriate " take-or-pay " contract or contracts for the output of the aluminium reduction plant;

(*b*) the Board shall not be obliged so to advance any sum unless A.A.M. shall previously have furnished to the Board—

(i) such information as shall reasonably be necessary to satisfy the Board that A.A.M. will apply as hereinbefore mentioned the whole sum specified in the notice within two weeks of its receipt by A.A.M.; and

(ii) (except for the purposes of the first such advance) a certificate or certificates by the Auditors of A.A.M. that the sum theretofore last advanced by the Board to A.A.M. has been applied as hereinbefore mentioned;

(*c*) the Board shall not be obliged so to advance sums aggregating more than £33,000,000;

(*d*) the Board shall not be obliged so to advance any sum after the 31st December 1974 or at any time after A.A.M. has committed any breach of or without the written consent of the Board has not complied with any obligation covenant or condition binding upon A.A.M. by virtue of this Agreement unless such breach or non-compliance has been previously made good.

APPLICATION BY A.A.M. OF ADVANCES BY THE BOARD

3. Every such sum advanced by the Board shall be applied only in payment of the capital cost incurred by A.A.M. in relation to the power supply element of the project and A.A.M. shall furnish to the Board:—

(*a*) not later than every 31st December (commencing on the 31st December next following the date of the advance of the first sum by the Board) until all such sums advanced shall have been so applied such information as to such application and as to the state of progress of the construction of the aluminium reduction plant and to the power supply element of the project as the Board may reasonably require; and

(*b*) not later than three months after the date of payment of the final sum advanced by the Board a certificate by the Auditors of A.A.M. that the aggregate amount of all sums advanced has been so applied.

SECURITY FOR THE BOARD'S ADVANCES

4.—(1) Immediately prior to the execution of this Agreement A.A.M. shall have entered into and delivered to the Board by way of security for all sums to be advanced by the Board under this Agreement and for interest payable thereon as hereinafter provided an Assignment (hereafter in this Agreement referred to as " the Assignment ") in the form set out in the Annexe hereto of the benefits of the residual value clause in the power contract and of any sum becoming payable to A.A.M. pursuant thereto.

(2) Immediately upon repayment by A.A.M. to the Board of all sums advanced by the Board pursuant to this Agreement and of all interest thereon and upon fulfilment of all obligations incumbent upon A.A.M. hereunder and under the Assignment the Board will re-assign to A.A.M. the property comprised in the Assignment or otherwise discharge the said security.

INTEREST

5.—(1) Every sum advanced by the Board under this Agreement shall carry interest at the rate of 7 per cent. per annum (hereinafter referred to as " the specified rate ") from the date of advance.

(2) Interest on each sum advanced on or before 30th September 1970 shall be compounded at annual rests on 30th September in each year up to and including 30th September 1970. Such interest shall be added to the sum advanced and outstanding on 1st October 1970 and the interest so added shall carry interest at the specified rate as from (and including) that date.

(3) Interest on each sum advanced on or after 1st October 1970 and accruing to 30th September next following the advance shall be added to the sum advanced and outstanding on 1st October next following such 30th September, and any interest so added shall carry interest at the specified rate as from (and including) such 1st October as aforesaid.

(4) All interest payable under this Agreement is to be paid without deduction of income tax unless at any time A.A.M. shall be obliged by statute to deduct income tax before payment to the Board.

REPAYMENT OF ADVANCES WITH INTEREST BY YEARLY INSTALMENTS

6. In the following clauses of this Agreement:—

(*a*) any reference to an advance shall be a reference to a sum advanced by the Board to A.A.M. in pursuance of this Agreement; but so that, for the purposes of such a reference (other than a reference in clause 12 hereof) the sums so advanced to A.A.M. on or before 30th September 1970 shall be treated as a single advance of the aggregate of those sums;

(*b*) any reference to an advance outstanding at any time shall be a reference to a sum equal to the aggregate of—

(i) the amount of that advance, and

(ii) all sums (if any) added or to be added to the advance (and accordingly capitalised) pursuant to the provisions of clause 5(2) and (3) and clause 11(5) hereof,

reduced by the amount of the capital element of all instalments theretofore payable in respect of that advance;

(*c*) any reference to a loan year shall be a reference to the period of 12 months ending on (and including) 30th September.

7.—(1) A.A.M. will repay to the Board each advance together with interest thereon as aforesaid by yearly instalments comprising elements of capital and interest on 30th September (hereafter in this Agreement called " the instalment date ") in each year in accordance with the following provisions of this Agreement the first of such instalments to be paid:—

(*a*) in respect of the advance made before 1st October 1970, on the instalment date in the year 1971; and

(*b*) in respect of each advance made on or after that date, on the instalment date in the loan year next following that in which the advance was made.

(2) The amount of the instalment falling to be paid on any instalment date pursuant to sub-clause (1) of this clause shall be the appropriate amount for that instalment ascertained in accordance with the provisions of clause 8 or 9 hereof, as the case may be.

8.—(1) The amount of the instalment (hereafter in this clause called " the relevant instalment ") payable by A.A.M. on the instalment date in the year 1971 and in every

subsequent year in respect of the advance made before 1st October 1970 shall be the amount calculated in accordance with the appropriate actuarial principles on the basis of a loan of an amount equal to the advance outstanding on 1st October last preceding the instalment date of the relevant instalment carrying interest at the specified rate and repayable by equal yearly instalments over the period commencing on such last mentioned 1st October and ending (subject to clauses 11 and 12 hereof) on the instalment date in the year 2000 (including both such dates).

(2) For the purposes of this agreement, the expression " the appropriate actuarial principles " means the normal actuarial principles as exemplified in the " Tables for Repayment of Loans by way of Annuity " in Archer's Loan Repayment and Compound Interest Tables (10th Edition) or such other tables as the parties may agree.

9. In respect of each advance made after 30th September 1970, the amount of the instalment (hereafter in this clause referred to as " the relevant instalment ") payable by A.A.M. on the instalment date in the loan year next following that in which the advance is made and in every subsequent loan year shall be the amount calculated in accordance with the appropriate actuarial principles on the basis of a loan equal to the advance outstanding on 1st October immediately preceding the instalment date of the relevant instalment carrying interest at the specified rate and repayable by equal yearly instalments over the period commencing on such 1st October and ending (subject to clauses 11 and 12 hereof) on the instalment date in the year 2000 (including both such dates).

INTEREST ON OVERDUE PAYMENTS

10. A.A.M. hereby covenants with the Board to pay to the Board interest at the rate of 5 per cent. per annum or at a rate equal to 1 per cent. per annum above the official discount rate of the Bank of England for the time being (whichever rate shall for the time being be the higher) on any instalment payable by A.A.M. to the Board in accordance with this Agreement as from the date on which that instalment becomes due until the date on which it is paid.

REDUCED INSTALMENTS

11.—(1) Notwithstanding the provisions of clauses 8 and 9 of this Agreement, if (within the period commencing on 1st April 1971 and ending on the instalment date in the year 1999, both such dates included), over any period of six consecutive calendar months, or over each of two such periods neither of which includes any calendar month included in the other, the quantity of electricity actually supplied to A.A.M. pursuant to the power contract for the purposes of the project is less (by at least 100 million kilowatt hours) than the contracted quantity of electricity for such period or periods then A.A.M. may give to the Board (not later than 9th September next following the expiration of such period or both such periods, as the case may be), notice in writing to that effect (hereafter in this clause referred to as a " notice of reduction ") specifying therein the quantity of electricity (expressed in terms of kilowatt hours) actually so supplied to A.A.M. during such period or periods together with the contracted quantity so expressed for such or each such period. " The contracted quantity " in relation to the supply of electricity over any period of six months means that proportion of the annual quantity of electricity which A.A.M. are for the time being due to receive for the purposes of the project pursuant to the terms of the power contract which is properly attributable to that period of six months.

(2) Upon a notice of reduction being duly given, then for the appropriate amount (hereafter in this clause referred to as " the full amount ") of the instalment which would have been payable by A.A.M. in respect of any advance on the instalment date next following the date of the notice there shall be substituted the reduced amount ascertained in accordance with the provisions of sub-clause (3) or (4), as the case may be, of this clause; so, however, that no such instalment as aforesaid shall be so reduced if—

(*a*) (A.A.M. having duly elected under sub-clause (6) of this clause) the number of instalments in respect of that advance falling to be added pursuant to sub-clause (7) of this clause by virtue of such reduction and all previous reductions (if any), would exceed five ; or

(*b*) (A.A.M. not having duly elected as aforesaid) the number of instalments in respect of that advance which (had A.A.M. so elected) would have had to be added pursuant to sub-clause (7) of this clause by virtue of such reduction and all previous reductions (if any) would have exceeded five.

(3) For the purposes of sub-clause (2) of this clause, the reduced amount of the instalment payable on any instalment date (in the case in which the notice of reduction relates to a single period of six months) shall be the aggregate of—

(*a*) an amount equal to one half of the full amount of the instalment ; and

(*b*) whichever is the greater of the following :—

(i) an amount which bears to one half of the full amount of the instalment the same proportion as the number of kilowatt hours of electricity supplied to A.A.M. during such period bears to the contracted quantity for that period ;

(ii) an amount which bears to £600,000 the same proportion as the full amount of the instalment bears to the full amount of all the instalments payable under this Agreement on that instalment date ;

so, however, that the reduced amount of the instalment shall not be less than the minimum amount which would permit of a reduction being made consistently with the provisions of sub-clause (2) of this clause.

(4) For the purpose of sub-clause (2) of this clause, the reduced amount of the instalment payable on any instalment date (in the case in which the notice of reduction relates to two periods of six months) shall be the aggregate of—

(*a*) whichever is the greater of the following :—

(i) an amount which bears to one half of the full amount of the instalment the same proportion as the number of kilowatt hours of electricity actually supplied to A.A.M. during the first such period bears to the contracted quantity for that period ;

(ii) an amount which bears to £600,000 the same proportion as the full amount of the instalment bears to the full amount of all the instalments payable under this Agreement on that instalment date ; and

(*b*) whichever is the greater of the following :—

(i) an amount which bears to one half of the full amount of the instalment the same proportion as the number of kilowatt hours of electricity actually supplied to A.A.M. during the second such period bears to the contracted quantity for that period ;

(ii) an amount which bears to £600,000 the same proportion as the full amount of the instalment bears to the full amount of all the instalments payable under this Agreement on that instalment date ;

so, however, that the reduced amount of the instalment shall not be less than the minimum amount which would permit of a reduction being made consistently with the provisions of sub-clause (2) of this clause.

(5) The reduced amount shall be applied first, in or towards the discharge of interest, and thereafter in or towards repayment of the capital which would have been effected by payment of the full amount ; and to the extent that the reduced amount when so applied is insufficient to discharge the full amount of the interest, the balance of that interest shall be added to the advance outstanding on the day next following the date on which the reduced instalment is payable, and accordingly shall carry interest on and from that date at the specified rate.

(6) Upon giving to the Board the first (and only the first) notice of reduction A.A.M. may elect therein that upon the reduction of an instalment payable in respect of any advance the amount of each subsequent instalment payable in respect of that advance shall be calculated by reference to an extended period of repayment.

(7) Upon A.A.M. duly electing as aforesaid, then for the purpose of giving effect to such election the amount of the instalment (hereafter in this clause referred to as " the relevant instalment ") payable in respect of an advance in any year next following that in which a reduced instalment is payable in respect of that advance and in every

subsequent year up to (and including) that in which a further reduced instalment (if any) becomes payable in respect of that advance shall be calculated by reference to the period referred to in clause 8 or 9 hereof, as the case may be, extended so as to end on the instalment date in that year which will result, upon the application of the appropriate actuarial principles, in the amount of the relevant instalment approximating most nearly to the amount which would have been payable if the reduced instalment had not been reduced ; and accordingly clause 8 or 9 hereof, as the case may be, shall apply for the calculation of the amount of such instalment as if for the reference to the instalment date in the year 2000 there were substituted a reference to the instalment date in the year on which such extended period as aforesaid ends.

(8) In the event of A.A.M. not duly electing as aforesaid the amount of the instalment becoming payable in respect of an advance on the instalment date in the year next following that in which a reduced instalment becomes payable in respect of that advance and in every subsequent year will fall to be calculated in accordance with the provisions of clause 8 or 9 hereof, as the case may be.

EARLY REPAYMENT

12.—(1) Notwithstanding the foregoing provisions of this Agreement, A.A.M. may on or before 31st August in any year give to the Board notice in writing (hereafter in this clause referred to as a " notice of repayment ") indicating its intention to discharge on 30th September next following the date of such notice any advance outstanding on such 30th September (hereafter in this clause referred to as " the redemption date ").

(2) Upon giving a notice of repayment indicating its intention to discharge an advance outstanding as aforesaid A.A.M. shall pay to the Board on the redemption date a sum equal to the aggregate of the following amounts :—

(*a*) the amount of the instalment payable by A.A.M. in respect of that advance on that date ; and

(*b*) the amount of all arrears (if any) then outstanding of earlier instalments in respect of that advance and any other advance made to A.A.M. under this Agreement and of all interest thereon pursuant to clause 10 hereof ; and

(*c*) the amount of the redemption value (as hereafter defined) of the advance outstanding as aforesaid ;

and upon payment of such sum by A.A.M. on the redemption date (but not otherwise) the indebtedness of A.A.M. in respect of that advance under this Agreement shall thereupon be fully discharged.

(3) The expression " redemption value " in relation to the advance outstanding means that sum which shall be the equivalent of the present value, on the day next following the redemption date, of the remaining instalments thereafter payable in respect of that advance calculated in accordance with the appropriate actuarial principles at the rate of interest applicable under section 5 of the National Loans Act 1968 seven days prior to the redemption date to British Government loans bearing a life equivalent to that which shall remain to the advance outstanding on the redemption date : Provided always that the minimum sum to be repaid in respect of each £100 of the advance outstanding shall be £100.

13. A.A.M. further covenants and agrees with the Board that for so long as the sums owing to the Board or any part thereof remain outstanding—

(*a*) A.A.M. shall keep books of account appropriate to the project and make them available for the inspection of the Board and such person as they shall from time to time in writing for that purpose appoint on the Board showing reasonable cause in relation to the position of the Board under this Agreement; and

(*b*) A.A.M. shall furnish to the Board two copies of every Annual Balance Sheet, Profit and Loss Account and Director's Report presented or issued to its shareholders and also furnish to the Board or to such person aforesaid such information relating to the project as the Board may reasonably require in relation to the position of the Board under this Agreement ; and

(*c*) the combined borrowing of A.A.M. and Anglesey Aluminium Limited (of which A.A.M. is the wholly owned subsidiary) for the purposes of the project shall not without the prior consent of the Board exceed in the aggregate £20,000,000 (excluding the total amount owing to the Board in respect of advances made by the Board under clause 2 hereof, inter-Company loans, other loans not exceeding the amount for the time being representing the working capital of A.A.M. and Anglesey Aluminium Limited and bridging loans in expectation of the amounts to be received by way of Government grants and allowances).

14. The whole of every sum owing to the Board in accordance with the provisions of this Agreement shall become payable immediately on the happening of any of the following events:—

(*a*) if A.A.M. makes default for a period of 21 days from the date of delivery of a notice from the Board to A.A.M. of such default in the repayment of any part of any sum advanced to A.A.M. under this Agreement or of any interest thereon;

(*b*) if A.A.M. makes default in the performance or observance of any of the other conditions obligations or provisions binding on it under this Agreement which default remains unremedied for more than 28 days from the date of delivery of a notice from the Board to A.A.M. of such default;

(*c*) if an order be made or an effective resolution be passed for the winding up of A.A.M. except for the purpose of reconstruction or amalgamation in respect of which the Board are satisfied that their position as creditor of A.A.M. under this Agreement will not be prejudiced thereby;

(*d*) if any distress execution sequestration or other process be levied or enforced upon or sued out against any of the property of A.A.M. and be not paid out within 7 days;

(*e*) if a receiver is appointed or an incumbrancer takes possession of any of the property of A.A.M.;

(*f*) if A.A.M. without the consent of the Board does not start to carry out by 31st December 1970 or ceases to carry out the construction of the aluminium reduction plant or does not start to operate the said plant by the 31st December 1972 or ceases permanently to operate the said plant unless the failure to start to operate such plant by the said date arises from any cause or causes beyond the control of A.A.M. including (but not limited to) the following causes namely Act of God, strikes, lockouts or government regulations, in which event the said date shall be postponed by a length of time equal to the length of the delay occasioned by the cause or causes; or

(*g*) if without the consent of the Board the " take-or-pay " contract or contracts referred to in clause 2(*a*) hereof or any of them are determined and not replaced by a contract or contracts having a similar effect.

15. A.A.M. may with the consent of the Board assign its rights and obligations under this Agreement to Anglesey Aluminium Limited or to any company incorporated and registered in Great Britain which is controlled by Anglesey Aluminium Limited or results from an amalgamation or reconstruction of A.A.M. provided that—

(*a*) the Board are satisfied that their position as creditor will not be prejudiced as a result of such assignment;

(*b*) A.A.M. execute or cause to be executed such supplemental agreement and other instruments and documents (if any) as the Board may reasonably consider to be necessary to preserve their rights under this Agreement or under the Assignment; and

(*c*) no order is made or effective resolution is passed for the winding up of A.A.M. prior to the completion of the assignment of its rights and obligations under

this Agreement and to the execution of any agreement instrument and document mentioned in (*b*) above.

16. All stamp duty legal costs and other expenses of and incidental to the preparation of this Agreement and all instruments and other documents required to be prepared by virtue of this Agreement shall be borne by A.A.M. and A.A.M. shall be responsible for stamping this Agreement and the Assignment with the proper and appropriate stamp duty.

17.—(1) Any notice certificate or other document given or furnished by A.A.M. to the Board shall be deemed to be effectively given or furnished under this Agreement or under the Assignment if but only if it is left at or is sent by registered post or recorded delivery addressed to the Board at 1 Victoria Street, London, S.W.1 or if another address has been notified in writing by the Board to A.A.M. as the address of the Board for that purpose that other address.

(2) Any notice certificate or other document given or furnished by the Board to A.A.M. shall be deemed to be effectively given or furnished under this Agreement or under the Assignment if but only if it is left at or is sent by registered post or recorded delivery addressed to A.A.M. at its registered office for the time being.

(3) Such notice certificate or other document if posted by prepaid post shall be deemed to be delivered to any address in Great Britain on the day following the day upon which such notice certificate or other document is posted.

(4) In proving delivery of any notice certificate or other document it shall be sufficient to prove that such notice certificate or other document was properly addressed stamped and posted.

18. This Agreement shall be governed by English law.

IN WITNESS whereof the Official Seal of the Board has been hereunto affixed and A.A.M. has caused its Common Seal to be hereunto affixed the day and year first before written.

THE OFFICIAL SEAL of the BOARD OF TRADE was hereunto affixed in the presence of:— } SEAL

THE COMMON SEAL OF ANGLESEY ALUMINIUM METAL LIMITED was hereunto affixed in the presence of:— } SEAL

Director

Secretary

ANNEXE

FORM OF ASSIGNMENT

THIS ASSIGNMENT is made the day of 1968 Between ANGLESEY ALUMINIUM METAL LIMITED whose registered office is situate at Austral House, Basinghall Avenue, London, E.C.2 (hereinafter called " A.A.M.") of the one part and THE BOARD OF TRADE (hereinafter called " the Board ") of the other part:

WHEREAS in accordance with the provisions of an Agreement (hereinafter referred to as " the Loan Agreement ") intended to be made between the Board and A.A.M. immediately after the execution hereof the Board may advance to A.A.M. sums not exceeding in the aggregate £33,000,000 to be applied in connection with a project for the construction and operation of an aluminium reduction plant at Holyhead in Anglesey in the Principality of Wales and in particular for the purpose of paying capital sums to the Central Electricity Generating Board (hereinafter referred to as " C.E.G.B.") in respect of the construction of C.E.G.B.'s Dungeness " B " power station, in respect of the cost of transmission connection and in respect of grid reinforcement pursuant to a contract (hereinafter referred to as " the power contract ") dated 1968 and made between C.E.G.B. and A.A.M. under which C.E.G.B. has agreed to supply the electrical power required for the said project:

AND whereas the power contract contains a provision (hereinafter referred to as " the residual value clause ") whereby in the event of the power contract being determined in the circumstances therein specified during the subsistence and before the expiration of the power contract C.E.G.B. will pay to A.A.M. such sum of money as may be determined in accordance with and in the manner provided in the residual value clause:

AND whereas A.A.M. has agreed to secure the sums advanced by the Board pursuant to the Loan Agreement by granting to the Board an assignment of the benefit of the residual value clause and of all sums becoming payable to A.A.M. pursuant thereto:

NOW THIS DEED WITNESSETH as follows:—

1. In pursuance of and in consideration of the Loan Agreement and as security for the repayment of the sums to be advanced by the Board pursuant thereto (hereinafter referred to as " the Board's loan ") together with interest thereon A.A.M. hereby assigns to the Board the full benefit of the residual value clause and the rights of A.A.M. thereunder and all that sum becoming due or payable to A.A.M. in pursuance of that clause less an amount equivalent to the amount of any liability of A.A.M. for tax in respect of that sum TO HOLD the same unto the Board subject only to the proviso for redemption hereinafter contained.

2. A.A.M. hereby covenants with the Board as follows:—

(*a*) that A.A.M. will not without the previous consent of the Board do permit or suffer to be done any act or thing whereby the rights of A.A.M. under the residual value clause shall be lost or prejudiced;

(*b*) that A.A.M. will not without such consent receive compound or release the said sum or do permit or suffer to be done any act or thing whereby the recovery of the said sum may be impeded delayed or prevented;

(*c*) that A.A.M. will from time to time execute and do all such assurances and things as the Board may reasonably require for perfecting the security hereby constituted and after the security hereby constituted has become enforceable for facilitating the realisation of the property hereby assigned. And A.A.M. hereby irrevocably appoints the Board to be the attorney of A.A.M. in the name and on behalf of A.A.M. to execute and do any assurances and things which A.A.M. ought to execute and do hereunder.

3. Provided always and it is hereby declared as follows:—

(*a*) if A.A.M. shall repay the Board's loan together with all interest thereon in accordance with the terms of the Loan Agreement the Board will at the request and cost of A.A.M. re-assign to A.A.M. the property hereby assigned or otherwise discharge this security;

(*b*) it shall not be incumbent on A.A.M. to take any steps or institute any proceedings for the recovery of any sum becoming payable under and by virtue of the residual value clause nor shall A.A.M. be answerable for any loss arising from its having neglected to take such steps or institute such proceedings nor for any deductions from or reduction in the amount otherwise payable under the residual value clause resulting from the operation of the provision of such clause;

(*c*) the Board shall not by virtue of this Assignment have or be entitled to any interest in or rights arising under the power contract apart from the residual value clause and nothing in this Assignment shall affect or inhibit in any way the right of A.A.M. to exercise and enjoy and implement for its own account and benefit the provisions of the power contract other than the residual value clause.

4. In this deed when the context so admits the expression "A.A.M." includes the persons deriving title under it.

IN WITNESS, ETC.

EXPLANATORY NOTE

(*This note is not part of the Scheme.*)

This scheme, made under the Industrial Expansion Act 1968, authorises the Board of Trade to provide financial support by way of loans up to an aggregate of £33,000,000 to Anglesey Aluminium Metal Limited for the purpose of a project for the construction and operation of an aluminium reduction plant at Holyhead in Anglesey.

SBN 11 840020 7