



## SADARA BASIC SERVICES COMPANY

(a joint stock company incorporated under the laws of The Kingdom pursuant to Ministerial Resolution 29/Q dated 11 Safar 1434H, corresponding to 24 December 2012G)

Commercial register number 2055018374 dated 3 Rabi' al-Awwal 1434H, corresponding to 15 January 2013G

is Offering

### SAR 50,000 DENOMINATED CERTIFICATES DUE ON THE SCHEDULED TERMINATION DATE

The SAR 50,000 denominated certificates, due on the Scheduled Termination Date (the **Certificates**), are being issued at par, without discount or premium. The Certificates will be the subject of a declaration of agency (the **Declaration of Agency**) dated on or before the Closing Date between, among others, Sadara Basic Services Company (the **Issuer**), Sadara Chemical Company (**Sadara**), HSBC Saudi Arabia Limited (the **Certificateholders' Agent**) and Deutsche Bank Trust Company Americas (the **Intercreditor Agent**). Pursuant to the Declaration of Agency, the Issuer covenants, inter alia, to hold the Sukuk Assets as agent for the benefit of the holders of the Certificates (the **Certificateholders**), pro rata according to the face amount of Certificates held by each Certificateholder, in accordance with the Declaration of Agency and the terms and conditions of the Certificates starting on page 63 of this Prospectus (the **Conditions**). The Certificateholders' Agent will hold the benefit of the covenants and undertakings given by the Issuer and Sadara under the Declaration of Agency as agent on behalf of the Certificateholders.

Pursuant to the terms of the Finance Documents (as defined in the Conditions) to which each of them is a party, Sadara will pay certain amounts to the Issuer in consideration for the rental of certain assets (as more particularly described herein), and the Issuer will utilize such amounts to meet its obligations to pay the amounts due by it from time to time under the Certificates. The obligation of Sadara to make such payments to the Issuer is, prior to and excluding the Project Completion Date, guaranteed by the Completion Guarantors pursuant to the Completion Guarantees.

On each Periodic Distribution Date in respect of a Return Accumulation Period, the Issuer will pay the Periodic Distribution Amounts to the Certificateholders calculated on the basis of SAIBOR plus a specified Sukuk Margin (as defined in this Prospectus), applied to the outstanding amount of the Certificates as at the commencement of that Return Accumulation Period.

On each Periodic Distribution Date prior to the First Repayment Date, the Certificates may be partially redeemed pro rata at an aggregate amount equal to, if any, the Early Distribution Amounts (as defined in Condition 8.6 (*Partial redemption*)). On each Periodic Distribution Date falling after the First Repayment Date, the Issuer will partially redeem the Certificates pro rata in an aggregate amount equal to the sum of (a) the Fixed Distribution Amounts (as defined in Condition 8.6 (*Partial redemption*)), and (b) if any, the Early Distribution Amounts.

Unless previously redeemed in full in accordance with Condition 8 (*Capital Distributions*), the Certificates will be redeemed on the Periodic Distribution Date immediately following the Final Distribution Date (being the earlier of 15 December 2028 and the 21st Payment Date falling after the First Repayment Date, subject to adjustment in accordance with the applicable business day convention) (such final Periodic Distribution Date, the **Scheduled Termination Date**) at the applicable Termination Distribution Amount (as defined in Condition 8.1 (*Scheduled Termination*)).

The Certificates may be redeemed prior to the Scheduled Termination Date, in full at the applicable Termination Distribution Amount, in certain circumstances pursuant to Conditions 8.2 (*Early Termination for Tax Reasons*), 8.3 (*Early Termination at the Option of the Issuer*), and 8.4 (*Termination Following an Intercreditor Event*), and may become immediately due and payable in accordance with Conditions 8.5 (*Termination Following a Termination Event*) and 12 (*Termination Event*).

The offering, sale and delivery of the Certificates is limited solely to natural persons who are nationals of The Kingdom or other legal persons with a permanent establishment in The Kingdom holding a current commercial registration number issued by the Ministry of Commerce and Industry, and which, in either case, maintains a bank account in The Kingdom. The distribution of this Prospectus and the offering, sale and delivery of the Certificates in any jurisdictions other than The Kingdom may be restricted by law. Any person who comes into possession of this Prospectus is required by the Issuer, Sadara and the Joint Lead Managers and Joint Bookrunners to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Certificates and on distribution of this Prospectus and other offering material relating to the Certificates, see the section of this Prospectus entitled "*Subscription And Sale*".

The Certificates are subject to restrictions on transferability and resale and may not be transferred or resold, except as permitted under Applicable Law.

This Prospectus is not for distribution in the United Kingdom. No offer or sale or solicitation of any offer or sale is being made to any person in the United Kingdom.

The shareholders of the Issuer are Sadara Sukuk Wahid B.V., Sadara Sukuk Ithnayn B.V., Sadara Sukuk Thalatha B.V., Sadara Sukuk Arba'a B.V. and Sadara Sukuk Khamsa B.V. Each of these entities is wholly owned by Sadara. For information in relation to the substantial shareholders of the Issuer, see the sections of this Prospectus entitled "*Description of the Issuer*" and "*Description of Sadara*".

For information in relation to the terms and conditions of the Certificates, see the section of this Prospectus entitled "*Terms and Conditions of the Certificates*".

For information in relation to the target participants, see the section of this Prospectus entitled "*Subscription And Sale*".

Neither the Issuer nor Sadara have any listed shares or debt instruments prior to the offer by the Issuer hereunder.

The application has been made, and all requirements have been met, for the Certificates to be admitted to listing on the Saudi Stock Exchange.

The authorized share capital of the Issuer is SAR2 million divided into 200,000 authorized ordinary shares of equal value of SAR10 each all of which have been issued and are fully paid up. 20% of the Issuer's issued share capital is held by Sadara Sukuk Wahid B.V., 20% of the Issuer's issued share capital is held by Sadara Sukuk Ithnayn B.V., 20% of the Issuer's issued share capital is held by Sadara Sukuk Thalatha B.V., 20% of the Issuer's issued share capital is held by Sadara Sukuk Arba'a B.V. and 20% of the Issuer's issued share capital is held by Sadara Sukuk Khamsa B.V., as described in the section of this Prospectus entitled "*Description of the Issuer*", subsection "*General*". Capitalized terms used but not otherwise defined in the body of this Prospectus have the meaning given to them in the section of this Prospectus entitled "*Glossary of Certain Defined Terms*".

**Investing in the Certificates involves risks that are described in the section of this Prospectus entitled "*Risk Factors*". The purpose and nature of the information contained in this Prospectus is set out in the section of this Prospectus entitled "*Important Notice*".**

### Joint Lead Managers and Joint Bookrunners

Albilad Investment Company



Alinma Investment Company



Deutsche Securities Saudi Arabia



Riyad Capital



This Prospectus includes information given in compliance with the Listing Rules issued by the Authority. The directors of the Issuer and Sadara, whose names appear in the sections of this Prospectus entitled "*Description of the Issuer*" and "*Description of Sadara*" respectively, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The Authority and The Saudi Stock Exchange Company (**Tadawul**) do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

*This unofficial English translation of the official Arabic Prospectus is provided for information purposes only. The Arabic prospectus published on the Authority's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two texts.*

**This Prospectus is dated 13/3/2013G (expected to correspond to 1/5/1434H)**

The Certificates will be issued in registered form in denominations of SAR50,000 and integral multiples of SAR50,000 in excess thereof, subject to a minimum subscription amount of SAR1 million. Transfers of Certificates shall be permitted as further set out in the Conditions *provided that*, from and including the Closing Date to and including the date falling six months after the Closing Date, any holding of Certificates by a Certificateholder shall be, from time to time, in an amount of not less than SAR1 million in aggregate (save where such Certificateholder is transferring its entire holding of Certificates). The Margin and the Closing Date will be determined by agreement between the Issuer, Sadara and the Joint Lead Managers and Joint Bookrunners and announced towards the end of the Investor Presentation Period. The aggregate face amount of the Certificates to be issued, together with anticipated net proceeds and the Margin and a description of the net proceeds of the Certificates will be announced prior to the Closing Date (see the section of this Prospectus entitled “*Subscription And Sale*”).

Application has been made, and all requirements have been met, for the Certificates to be admitted to listing on the Saudi Stock Exchange. Tadawul will be appointed as registrar (the **Registrar**, which expression includes any successor registrar) of the Certificates and the Certificates will be admitted to the clearing and settlement system of Tadawul, as described in the sections of this Prospectus entitled “*Terms and Conditions of the Certificates – Form, Denomination and Title*” and “*Subscription And Sale*”, respectively.

The Certificates, when issued, will be represented by interests in a global certificate in registered form, without coupons attached (the **Global Certificate**), which will be deposited with the Certificateholders’ Agent.

The investor presentation period for the Certificates commences on 16/3/2013G (expected to correspond to 4/5/1434H) and will end on 30/3/2013G (expected to correspond to 18/5/1434H) (or on such other date as is notified to the Authority), as further described in the section of this Prospectus entitled “*Subscription And Sale*” (the **Investor Presentation Period**). For information in relation to the terms and conditions of the Certificates, see the section of this Prospectus entitled “*Terms and Conditions of the Certificates*”. The Certificates will be issued on a date specified as the Closing Date and published on the websites of the Joint Lead Managers and Joint Bookrunners ([www.albiladinvest.com](http://www.albiladinvest.com), [www.alinmainvestment.com](http://www.alinmainvestment.com), [www.db.com/mena](http://www.db.com/mena) and [www.riyadcapital.com](http://www.riyadcapital.com)) and the websites of Sadara ([www.sadara.com](http://www.sadara.com)), the Issuer ([www.sadarabasicservicescompany.com](http://www.sadarabasicservicescompany.com)) and the Payments Administrator ([www.hsbcsaudi.com](http://www.hsbcsaudi.com)) falling no later than three Business Days after the end of the Investor Presentation Period (the **Closing Date**).

The proceeds of the issue of the Certificates, after deduction of certain agreed transaction costs and expenses (including, without limitation, the fees of the legal advisors (to the Joint Lead Managers and Joint Bookrunners, to Sadara and to the Sponsors), reporting accountants, marketing and printing and distribution fees and the combined management and selling commission due to the Joint Lead Managers and Joint Bookrunners) which are estimated at the date of this Prospectus to be SAR135.9 million, will be contributed by the Issuer to the Musharaka to be used in accordance with the Business Plan. See the section of this Prospectus entitled “*Use of Proceeds*” for further details.

## Important Notice

This prospectus (**Prospectus**) provides certain information relating to the Issuer, Sadara, Saudi Aramco, Dow, DEH and their Affiliates and the Certificates being offered. In applying to subscribe for the Certificates, investors will be treated as applying on the basis of the information contained in this Prospectus, further copies of which are available for collection from the Issuer and the Joint Lead Managers and Joint Bookrunners or as published on the website of the Authority ([www.cma.org.sa](http://www.cma.org.sa)) and also on the respective websites of the Joint Lead Managers and Joint Bookrunners, being [www.albiladinvest.com](http://www.albiladinvest.com), [www.alinmainvestment.com](http://www.alinmainvestment.com), [www.db.com/mena](http://www.db.com/mena) and [www.riyadcapital.com](http://www.riyadcapital.com), and the websites of Sadara ([www.sadara.com](http://www.sadara.com)) and the Issuer ([www.sadarabasicservicescompany.com](http://www.sadarabasicservicescompany.com)). The contents of such websites do not form part of this Prospectus.

Investors should be aware that this Prospectus does not contain any financial statements or financial information of Saudi Aramco, and that such financial statements and financial information will not be provided to Certificateholders, for reasons of protecting the national interests of The Kingdom. Investors should also be aware that this Prospectus does not contain any financial statements or financial information of DEH. In applying to subscribe for the Certificates, investors will be treated as applying with the full knowledge that the financial statements and financial information of Saudi Aramco and DEH are not included in this Prospectus and will not be provided to Certificateholders.

AlBilad Investment Company, Alinma Investment Company, Deutsche Securities Saudi Arabia L.L.C. and Riyadh Capital have been appointed by Sadara to act as the joint lead managers and joint bookrunners (the **Joint Lead Managers and Joint Bookrunners**) in relation to the Certificates described herein.

While the Issuer and Sadara have made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date hereof, substantial portions of the Project, market, industry and environmental resource management information and certain statistical data in this Prospectus are derived from external sources including, without limitation, the executive summaries of the Technical Report and the Environmental Report produced by Nexant Limited (expert providers of planning and management consultancy services in transport and infrastructure, project procurement and investment appraisal), the executive summary of the Market Report produced by CMAI (now incorporated into IHS Chemical) (expert providers of commercial analysis and strategic advice to the energy and mining and metals industries) and the executive summary of the Insurance Report prepared by JLT Specialty Limited (expert providers of insurance and reinsurance broking services protecting the assets, expenses and liabilities of companies in the energy sector), each of which is attached as an Appendix to this Prospectus (together, the **externally sourced information**), and while neither the Issuer nor Sadara have any reason to believe that any of the externally sourced information is materially inaccurate, such externally sourced information has not been independently verified and no representation is made by any person with respect to the accuracy or completeness of any of the externally sourced information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial condition of the Issuer, Sadara, Saudi Aramco, Dow, DEH and their Affiliates and the value of the Certificates may be adversely affected by future developments in inflation, financing charges, taxation, calculation of *zakat* or other economic, political and other factors, over which the Issuer, Sadara, Saudi Aramco, Dow, DEH and their Affiliates have no control. Neither the delivery of this Prospectus nor any oral, written or printed interaction in relation to the Certificates is intended to be, or should be construed as or relied upon in any way as, a promise or representation by any person as to future earnings, results or events.

No person is or has been authorized to give any information or to make any representation not contained in or not consistent with this Prospectus in connection with the offering of the Certificates and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, Sadara, Saudi Aramco, Dow, DEH and any of their Affiliates, the Joint Lead Managers and Joint Bookrunners, the Certificateholders' Agent or any other person.

To the fullest extent permitted by law, none of the Joint Lead Managers and Joint Bookrunners or the Certificateholders' Agent has verified the information contained in this Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted, by any of them as to the accuracy, adequacy, reasonableness or completeness of the information contained in this Prospectus, any statement made or purported to be made by any of the Joint Lead Managers and Joint Bookrunners or the Certificateholders' Agent or on its or their behalf in connection with the Issuer, Sadara, Saudi Aramco, Dow, DEH or any of their Affiliates in connection with the Certificates, their distribution or any other information provided by the Issuer, Sadara, Saudi Aramco, Dow or DEH in connection with

the Certificates, their distribution or their future performance. Each of the Joint Lead Managers and Joint Bookrunners and the Certificateholders' Agent accordingly disclaims any and all liability which it might otherwise have in connection with this Prospectus, such statement or information.

No comment is made or advice given by the Issuer, Sadara, Saudi Aramco, Dow, DEH or any of their Affiliates, the Joint Lead Managers and Joint Bookrunners or the Certificateholders' Agent in respect of taxation and *zakat* matters relating to the Certificates, or the legality of the purchase of the Certificates by an investor under any Applicable Law.

**EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISOR, LEGAL ADVISOR AND BUSINESS ADVISOR AS TO TAX, ZAKAT, LEGAL, BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF THE CERTIFICATES.**

This Prospectus and any other information supplied in connection with the Certificates is not intended to provide the basis of any credit or other evaluation and is not to be regarded as a recommendation on the part of the Issuer, Sadara, Saudi Aramco, Dow, DEH or the Joint Lead Managers and Joint Bookrunners to purchase the Certificates. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice in relation to the Certificates and for considering the appropriateness of the information herein, with regard to its individual objectives, financial situation and needs.

References herein to this Prospectus will be deemed to include this document dated 13/3/2013G (expected to correspond to 1/5/1434H) together with any supplements and amendments hereto. This Prospectus contains a summary of the key provisions of the principal finance documents and the principal project documents as at the date of this Prospectus.

The offering, sale and delivery of the Certificates is limited solely to natural persons who are nationals of The Kingdom or other legal persons with a permanent establishment in The Kingdom holding a current commercial registration number issued by the Ministry of Commerce and Industry, and which, in either case, maintains a bank account in The Kingdom. The distribution of this Prospectus and the offering, sale and delivery of the Certificates in any jurisdictions other than The Kingdom may be restricted by law. Any person who comes into possession of this Prospectus is required by the Issuer, Sadara and the Joint Lead Managers and Joint Bookrunners to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Certificates and on distribution of this Prospectus and other offering material relating to the Certificates, see the section of this Prospectus entitled "*Subscription And Sale*".

The Certificates are subject to restrictions on transferability and resale and may not be transferred or resold, except as permitted under Applicable Law.

This Prospectus is not for distribution in the United Kingdom. No offer or sale or solicitation of any offer or sale is being made to any person in the United Kingdom.

This Prospectus has been prepared on the basis that no offer or sale or solicitation of any offer or sale of the Certificates will take place in any member state of the European Economic Area. Accordingly, no person may make or intend to make any offer or sale or solicitation of any offer or sale within the European Economic Area of the Certificates, which are the subject of the offering contemplated in this Prospectus.

## **FINANCIAL INFORMATION:**

The audited financial statements of the Issuer for the period from 24 December 2012 (being the date of incorporation of the Issuer) to and as at 31 December 2012, and the audited financial statements of Sadara for the period from 30 October 2011 (being the date of incorporation of Sadara) to and as at 30 September 2012, and the pro forma balance sheet of Sadara as at 30 September 2012 reflecting the liabilities in connection with the Certificates, and where applicable the notes thereto and the auditors' report thereon, each of which are set out in this Prospectus at Appendices 1-3 (inclusive), have been prepared in compliance with accounting standards promulgated by the Saudi Organization for Certified Public Accountants.

The Issuer and Sadara publish their respective financial statements in Saudi Arabian Riyals.

The audited financial statements of Dow as of 31 December 2011 and 31 December 2012 and for the financial years ended 31 December 2010, 31 December 2011 and 31 December 2012 and the interim unaudited financial

statements as at and for the calendar quarter ended 30 September 2012 and, with respect to the annual financial statements only, the auditors' report thereon, each of which is set out in this Prospectus at Appendix 4, have been prepared in compliance with generally accepted accounting principles in the United States of America as in effect from time to time.

Dow publishes its financial statements in Dollars.

In this Prospectus, unless otherwise specified, references to **SAR, Saudi Riyal, Saudi Arabian Riyal and Riyal** are to the lawful currency for the time being of The Kingdom and references to **Halalah** are to the sub-unit of the Riyal, references to **Dollars, USD and \$** are to the lawful currency for the time being of the United States of America and references to **Euro, EUR and €** are to the currency introduced at the start of the third stage of the European economic and monetary union in accordance with the provisions of the Treaty on the European Union, as amended.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for 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 which precede them.

#### Forecasts and Forward-looking Statements:

Forecasts set forth in this Prospectus have been prepared on the basis of certain stated assumptions. Future operating conditions may differ from the assumptions used and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements in this Prospectus constitute "forward-looking statements". Such statements can generally be identified by their use of forward-looking words such as "plans", "aims", "intends", "seeks", "estimates", "projects", "believes", "expects", "anticipates", "may", "will", "should", "expected", "would be" or the negative or other variation of such terms or comparable terminology. These "forward-looking statements" reflect the current views of the Issuer and Sadara, as the case may be, with respect to future events and are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Issuer and Sadara, as the case may be, to be significantly different from any future results, performance or achievements that may be expressed or implied by such "forward-looking statements". Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (see the section of this Prospectus entitled "*Risk Factors*"). Should any one or more of the risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated, planned or expected.

**Subject to the requirements of the Listing Rules, neither the Issuer nor Sadara intend to update or otherwise revise any Project, industry, market or environmental resource management information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Issuer or Sadara expects, or at all. Prospective purchasers should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.**

#### Supplementary Prospectus:

The Issuer and Sadara will prepare a supplement to this Prospectus in accordance with the requirements of the Listing Rules and the Authority if, at any time after the date of this Prospectus, but before the Certificates are admitted to listing on the Saudi Stock Exchange, the Issuer or Sadara becomes aware that:

- (i) there has been a significant change in material matters contained in this Prospectus or any other document required by the Listing Rules; or
- (ii) additional significant matters have become known which would have been required to be included in this Prospectus.

## **Parties and Advisors**

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### ***ISSUER***

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Sadara Basic Services Company  
Alturki Business Park  
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Kingdom of Saudi Arabia  
Website: [www.sadarabasicservicescompany.com](http://www.sadarabasicservicescompany.com)  
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### **AUTHORIZED REPRESENTATIVES OF THE ISSUER**

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Mr. Adel Yassin Al-Hawaj  
(director representative of Sadara Sukuk Ithnayn B.V., a Director and the Chairman of the Issuer)  
Sadara Basic Services Company  
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Mr. Niels Bert Frans Mesotten  
(director representative of Sadara Sukuk Arba'a B.V., the Executive Director of the Issuer)  
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Email: [Niels.Mesotten@sadara.com](mailto:Niels.Mesotten@sadara.com)

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### **SADARA SUKUK WAHID B.V.**

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Sadara Sukuk Wahid B.V.  
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**SADARA SUKUK ITHNAYN B.V.**

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**SADARA SUKUK THALATHA B.V.**

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**SADARA SUKUK ARBA'A B.V.**

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**SADARA SUKUK KHAMSA B.V.**

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**SADARA**

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**AUTHORIZED REPRESENTATIVE OF SADARA**

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Mr Abdulaziz M. Judaimi (Director of Sadara)  
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Mr Luciano Poli (Chief Financial Officer of Sadara)  
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Email: [LPoli@sadara.com](mailto:LPoli@sadara.com)

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**CERTIFICATEHOLDERS' AGENT**

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HSBC Saudi Arabia Limited  
HSBC Head Office  
Olaya Road  
Al-Murooj District  
P.O. Box 9084  
Riyadh 11413  
Kingdom of Saudi Arabia  
Website: [www.hsbcSaudi.com](http://www.hsbcSaudi.com)  
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Fax: +966 1 299 2348  
Email: [asmaalghofailey@hsbc.com](mailto:asmaalghofailey@hsbc.com)



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**INTERCREDITOR AGENT**

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Deutsche Bank Trust Company Americas  
60 Wall Street - 27th floor  
MSNYC60-2710  
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United States of America  
Website: [www.db.com/us](http://www.db.com/us)  
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## ONSHORE ISSUER SECURITY AGENT

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Tel: +966 1 4163133 #5330  
Fax: +966 1 2169102  
Email: [snazeeb@shc.com.sa](mailto:snazeeb@shc.com.sa)



## PAYMENTS ADMINISTRATOR

HSBC Saudi Arabia Limited  
HSBC Head Office  
Olaya Road, Al-Murooj District  
P.O. Box 9084  
Riyadh 11413, Kingdom of Saudi Arabia  
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Email: [asmaalghofailey@hsbc.com](mailto:asmaalghofailey@hsbc.com)



## OFFSHORE ISSUER SECURITY AGENT

HSBC Corporate Trustee Company (UK) Limited  
8 Canada Square  
Canary Wharf  
London E14 5KO  
United Kingdom  
Website: [www.hsbc.com](http://www.hsbc.com)  
Tel: +44 20 7991 8888  
Fax: +44 20 7991 4350  
Email: [ctla.trustee.admin@hsbc.com](mailto:ctla.trustee.admin@hsbc.com)



## ONSHORE ISSUER ACCOUNT BANK

Samba Financial Group  
P.O. Box 842  
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Fax: +966 3 865 8393  
Email: [hasan.al-saffar@samba.com](mailto:hasan.al-saffar@samba.com)



## REGISTRAR

The Saudi Stock Exchange Company  
(Tadawul)  
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**JOINT LEAD MANAGERS AND JOINT BOOKRUNNERS**

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All the above-mentioned advisors and the auditors have consented in writing to the use of their names and logos and to publishing their statements (where applicable and wherever quoted) in this Prospectus. Such consents have not been withdrawn as at the date hereof.



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## Overview of the Offering, Project and Financing

*The following overview should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus. This overview may not contain all of the information that prospective investors should consider before deciding to invest in the Certificates. Accordingly, any decision by a prospective investor to invest in the Certificates should be based on a consideration of this Prospectus as a whole. Capitalized terms have the meanings given to them in the section of this Prospectus entitled “Glossary of Certain Defined Terms”.*

*Prospective Certificateholders should review the sections of this Prospectus entitled “Risk Factors” and “Important Notice” respectively prior to making any investment decisions.*

### Parties

Issuer	Sadara Basic Services Company, established as a Saudi closed joint stock company on 11 Safar 1434H (corresponding to 24 December 2012G) under the laws of The Kingdom, with company registration number 2055018374.
Ownership of the Issuer	The authorized share capital of the Issuer is SAR2 million divided into 200,000 authorized ordinary shares of equal value of SAR10 each, all of which have been issued and are fully paid up. 20% of the Issuer’s issued share capital is held by each of Sadara Sukuk Wahid B.V., Sadara Sukuk Ithnayn B.V., Sadara Sukuk Thalatha B.V., Sadara Sukuk Arba’a B.V. and Sadara Sukuk Khamsa B.V., totalling 100% of the Issuer’s issued share capital, as described in the section of this Prospectus entitled “ <i>Description of the Issuer</i> ”, subsection “ <i>General Information</i> ”.
Management of the Issuer	The Issuer is managed by a board of directors composed of the persons listed in the section of this Prospectus entitled “ <i>Description of the Issuer</i> ” subsection “ <i>Directors and Management of the Issuer</i> ”.
Sadara	Sadara Chemical Company, established as a limited liability company on 30 October 2011G existing under the laws of The Kingdom.
Dow	The Dow Chemical Company, founded in 1897, a company organized under the laws of the State of Delaware, United States of America.
DEH	Dow Europe Holding B.V., a wholly-owned indirect subsidiary of Dow, incorporated in The Netherlands. In addition, DEH acts as a significant technology provider to the Project.
Saudi Aramco	Saudi Arabian Oil Company, a company incorporated by Royal Decree in 1988.
Joint Lead Managers and Joint Bookrunners	AlBilad Investment Company, Alinma Investment Company, Deutsche Securities Saudi Arabia L.L.C. and Riyadh Capital.
Certificateholders’ Agent	HSBC Saudi Arabia Limited. Under the Declaration of Agency, the Certificateholders’ Agent as agent on behalf of the Certificateholders will be appointed, <i>inter alia</i> , to hold the benefit of the covenants and undertakings given by the Issuer and Sadara under the Declaration of Agency.
Intercreditor Agent	Deutsche Bank Trust Company Americas. Under the Intercreditor Agreement, the Intercreditor Agent is appointed by the Secured Parties (including the Sukuk Participant) to act on their behalf as intercreditor agent under the Finance Documents, with respect to their relationship with Sadara.
Onshore Issuer Security Agent	Saudi Hollandi Capital. Under the Onshore Issuer Assignment Agreement, the Issuer will assign by way of security its rights under the Finance Documents (as defined in the Conditions) to which the Issuer is a party or under which it has rights, and which are governed by the laws of The Kingdom, in favour of the Onshore Issuer Security Agent acting on behalf of the Issuer Secured Parties (including the Certificateholders). Under the Onshore Issuer Security Over Account Agreement, the Issuer will grant security over its rights in respect of the Transaction Account in favour of the Onshore Issuer Security Agent acting on behalf of the Issuer Secured Parties (including the Certificateholders).

Offshore Issuer Security Agent	HSBC Corporate Trustee Company (UK) Limited. Under the Offshore Issuer Charge and Assignment Deed, the Issuer will grant security over its rights in respect of the Finance Documents (as defined in the Conditions) to which the Issuer is a party or under which it has rights, and which are governed by English law, in favour of the Offshore Issuer Security Agent acting on behalf of the Issuer Secured Parties (including the Certificateholders).
Payments Administrator	HSBC Saudi Arabia Limited in its capacity as payments administrator (which expression includes any successor thereto). Under the Payments Administration Agreement, the Payments Administrator is appointed by the Issuer, <i>inter alia</i> , to make payments on behalf of the Issuer on the Certificates.
Registrar	The Saudi Stock Exchange Company (Tadawul).
Onshore Issuer Account Bank	Samba Financial Group will be appointed as Onshore Issuer Account Bank under the Payments Administration Agreement to hold the Transaction Account in the Issuer's name.
Musharaka Authorized Agent	Sadara Assets Leasing Company.
Transaction Account	The Onshore Issuer Account Bank will hold and operate a Saudi Riyal denominated account in the name of the Issuer. All payments which the Issuer is entitled to receive under the Transaction Documents will be paid into the Transaction Account. In addition, the Share Capital Amount (as defined in Condition 4.2 ( <i>Application of Proceeds from the Sukuk Assets</i> )) will be held on deposit in the Transaction Account. Amounts payable by the Issuer under the Certificates and under the other Transaction Documents to which it is a party will be transferred on the Business Day prior to each Periodic Distribution Date (as defined in Condition 6.2 ( <i>SAIBOR Determination</i> )) or Termination Date (as defined in Condition 8.1 ( <i>Scheduled Termination</i> )) to the Payments Administrator Designated Account (see further " <i>Payments Administrator Designated Account</i> " below) from funds (other than the Share Capital Amount) standing to the credit of the Transaction Account.
Payments Administrator Designated Account	The Payments Administrator will open a Saudi Riyal denominated non-interest bearing account with itself for the purpose of receiving transfers from the Transaction Account as described under "Transaction Account" above. Amounts standing to the credit of the Payments Administrator Designated Account will be used to make payments to Certificateholders and certain other recipients in accordance with the Conditions on each Periodic Distribution Date and on any Termination Date.

#### Overview of the Certificates and Rights of Certificateholders

Certificates	SAR denominated Certificates due on the Scheduled Termination Date.
Minimum subscription amount for each Investor	The minimum subscription amount for each Certificateholder on the Closing Date will be SAR1 million (corresponding, as each Certificate has a denomination SAR50,000, to 20 Certificates).
Maximum subscription amount for each Investor	No more than the aggregate face amount of all of the outstanding Certificates.
Maximum number of certificates for each Investor	No more than the number of Certificates (each with a denomination of SAR50,000) representing the aggregate face amount of all of the outstanding Certificates.
Scheduled Termination Date	Unless previously purchased and cancelled in full, the Certificates will be redeemed on the Periodic Distribution Date immediately following the Final Distribution Date. The <b>First Repayment Date</b> is the earlier of: <ul style="list-style-type: none"> <li>(a) if the Project Completion Date occurs during the months of: <ul style="list-style-type: none"> <li>(i) January to June, 15 December of the same year; or</li> <li>(ii) July to December, 15 June of the following year; and</li> </ul> </li> <li>(b) 15 December 2018.</li> </ul>

Issue Price	100% of the face amount of the Certificates.
Closing Date	A date specified as the Closing Date and published on the websites of the Joint Lead Managers and Joint Bookrunners, being <a href="http://www.albiladinvest.com">www.albiladinvest.com</a> , <a href="http://www.alinmaininvestment.com">www.alinmaininvestment.com</a> , <a href="http://www.db.com/mena">www.db.com/mena</a> and <a href="http://www.riyadcapital.com">www.riyadcapital.com</a> , and the Payments Administrator, <a href="http://www.hsbcSaudi.com">www.hsbcSaudi.com</a> , and falling no later than three Business Days after the end of the Investor Presentation Period.
Investor Presentation Period	Commencing on 16/3/2013G (expected to correspond to 4/5/1434H) and ending on 30/3/2013G (expected to correspond to 18/5/1434H).
Listing	Application has been made for the Certificates to be admitted to listing on the Saudi Stock Exchange.
Clearing, Settlement and Transfers	The Certificates will be cleared and settled in accordance with the regulations and procedures of the Registrar. The Certificates may be transferred outside of a closed period (as detailed in Condition 2.3 ( <i>Closed Periods</i> ) which is further described in the section of this Prospectus entitled " <i>Terms and Conditions of the Certificates</i> ") in accordance with the regulations and procedures established by the Registrar and by the transferee delivering to the Registrar the information required by such regulations and procedures.
Sukuk Assets	<p>The Sukuk Assets comprise: (a) all of the Issuer's rights, title, interest and benefit, present and future, in, to and under the Finance Documents to which it is a party or under which it is a beneficiary or otherwise has any such rights, title, interest and benefit; (b) all monies which may now be, or hereafter from time to time are, standing to the credit of the Transaction Account; and (c) all proceeds of the foregoing. The Certificateholders' rights under the Finance Documents are further described in the section of this Prospectus entitled "<i>Terms and Conditions of the Certificates</i>".</p> <p>The Issuer's rights under the Finance Documents include:</p> <ul style="list-style-type: none"> <li>(a) the Issuer's rights to receive payments from Sadara under the Finance Documents;</li> <li>(b) the Issuer's rights as a Senior Financing Participant and Secured Party under the GCTA, the Intercreditor Agreement, the Accounts Agreement and the Security Documents (see the section of this Prospectus entitled "<i>Summary of the Principal Finance Documents</i>"; and</li> <li>(c) the Issuer's rights as a Guarantee Beneficiary under the Completion Guarantees.</li> </ul>
Periodic Distribution Dates	The Business Day immediately following each Distribution Date.
Periodic Distribution Amount	On each Periodic Distribution Date, the Issuer will pay to the Certificateholders, <i>pro rata</i> according to the face amount of the Certificates held by each Certificateholder, an amount equal to the product of: (a) the applicable SAIBOR rate for the Return Accumulation Period ending immediately before such Periodic Distribution Date, plus the Sukuk Margin; (b) the number of days in that Return Accumulation Period divided by 360; and (c) the aggregate face amount of the Certificates outstanding on the first day of that Return Accumulation Period, after taking into account: (i) any cancellations of the Certificates; and (ii) any Fixed Distribution Amounts and / or Early Distribution Amounts, in each case to be effected or paid on the Periodic Distribution Date falling immediately after such first day.
Return Accumulation Period	The period from and including the Closing Date to but excluding the First Distribution Date, and each successive period from and including a Distribution Date to but excluding the next succeeding Distribution Date or, in the case of the final Return Accumulation Period, the Final Distribution Date.
Distribution Date	The First Distribution Date and each 15 June and 15 December thereafter until and including the Final Distribution Date, <i>provided</i> in each case that if such date is not a Business Day, the relevant Distribution Date shall fall on the next day which is a Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is none).

First Distribution Date	15 June 2013, <i>provided that</i> if such day is not a Business Day the First Distribution Date shall fall on the next day which is a Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is none).
Partial Redemption on each Periodic Distribution Date prior to the First Repayment Date	On each Periodic Distribution Date prior to the First Repayment Date, the Certificates may be partially redeemed <i>pro rata</i> at an amount equal to, if applicable, the relevant Early Distribution Amounts. Otherwise, only the Periodic Distribution Amount will be payable on each Periodic Distribution Date prior to the First Repayment Date.
Partial Redemption on each Periodic Distribution Date falling after the First Repayment Date	On each Periodic Distribution Date falling after the First Repayment Date, the Certificates will be partially redeemed <i>pro rata</i> at an amount equal to the sum of (a) the applicable Fixed Distribution Amounts and (b) if applicable, the Early Distribution Amounts.
Scheduled Termination of the Certificates	Unless previously redeemed or purchased and cancelled in full as specified in the Conditions and as described below, the Certificates will be redeemed in full on the Scheduled Termination Date at the applicable Termination Distribution Amount.
Early Termination following a Tax Event	The Conditions provide for an early redemption in full of the Certificates at the option of the Issuer on any Periodic Distribution Date following the occurrence of a Tax Event subject to: (i) the Issuer providing notice within a specified period to the Certificateholders as further described in Condition 8.2 ( <i>Early Termination for Tax Reasons</i> ); (ii) the provision of a certificate of the Issuer and an opinion, as more particularly described in Condition 8.2 ( <i>Early Termination for Tax Reasons</i> ); and (iii) the payment of the applicable Termination Distribution Amount.
Early Termination at the Option of the Issuer	The Conditions provide for an early redemption in full of the Certificates at the option of the Issuer: <ul style="list-style-type: none"> <li>(a) on any Periodic Distribution Date falling after the fifth (5th) anniversary of the Closing Date subject to: (i) the Issuer providing a notice within a specified period to the Certificateholders (as further described in Condition 8.3 (<i>Early Termination at the Option of the Issuer</i>)); and (ii) the payment of the applicable Termination Distribution Amount and, if applicable, the Additional Early Payment Amount; or</li> <li>(b) at any time following the occurrence of an Enforcement Event, subject to (i) the Issuer giving no more than 60 days' notice to the Certificateholders in accordance with Condition 14 (<i>Notices</i>) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Certificates at the end of the notice period); and (ii) the payment of the applicable Termination Distribution Amount.</li> </ul>
Early Termination following an Intercreditor Event	The Conditions provide that the Certificates will be redeemed in full following the occurrence of an Intercreditor Event on the Intercreditor Event Termination Date at the applicable Termination Distribution Amount.
Acceleration following a Termination Event	The Conditions provide (pursuant to Condition 8.5 ( <i>Termination Following a Termination Event</i> )) that the Certificates will become immediately due and payable in full at the applicable Termination Distribution Amount following the occurrence of a Termination Event in the circumstances described in Condition 12 ( <i>Termination Event</i> ).
Termination Distribution Amount	The Termination Distribution Amount will be either: (i) the aggregate outstanding face amount of the Certificates at the relevant time (taking into account any partial redemptions pursuant to Condition 8.6 ( <i>Partial Redemption</i> ) in respect of which payment has been made in full and any cancellations pursuant to Condition 9.2 ( <i>Cancellation</i> ) in respect of which payment has been made in full) plus all accrued but unpaid Periodic Distribution Amounts in respect of such Certificates; or (ii) in the circumstances described in part (b) of the definition of Termination Distribution Amount in Condition 8.1 ( <i>Scheduled Termination</i> ), the amount referred to in (i) above less the applicable Total Loss Shortfall Amount.

Buyback and cancellation	<p>An Eligible Purchaser (as defined in Condition 9.1 (<i>Purchases</i>)) may at any time purchase the Certificates at any price in the open market or otherwise, and following such purchase, may at their option hold, resell or request the Issuer to cancel any such Certificates.</p> <p>In addition, following receipt of an Advance Enforcement Notice from the Intercreditor Agent in accordance with the Intercreditor Agreement, all or any of the Sponsors or their Affiliates shall have the right at any time thereafter to purchase the Certificates in full from the Certificateholders at a price equal to, in aggregate, the Termination Distribution Amount. Upon purchase by the relevant Sponsor(s) or their Affiliates of the Certificates, the Certificateholders shall cease to have an interest in the Sukuk Assets, no further amounts shall be payable to the Certificateholders in respect thereof, and the Issuer shall have no further obligations in respect thereof to the Certificateholders.</p>
Form and Delivery of the Certificates	The Certificates, when issued, will be represented by interests in the Global Certificate in registered form, without coupons attached, which will be deposited with the Certificateholders' Agent.
Currency	The Certificates will be denominated in Saudi Riyals.
Face Amounts of the Certificates	The Certificates will be issued in denominations of SAR50,000 and integral multiples of SAR50,000 in excess thereof, subject to a minimum subscription amount of SAR1 million.
Transfer of Certificates	Transfers of Certificates shall be permitted as further set out in the Conditions <i>provided that</i> , from and including the Closing Date to and including the date falling six months after the Closing Date, any holding of Certificates by a Certificateholder shall be, from time to time, in an amount of not less than SAR1 million in aggregate (save where such Certificateholder is transferring its entire holding of Certificates).
Allocation of Certificates	Allocations of Certificates will be at the discretion of the Issuer, Sadara, and the Joint Lead Managers and Joint Bookrunners and will be made following the end of the Investor Presentation Period.
Status of the Certificates	The Certificates constitute undivided beneficial ownership interests in the Sukuk Assets and represent direct, secured, unconditional and, subject to the priority of distributions specified in Condition 4.2 ( <i>Application of Proceeds from the Sukuk Assets</i> ), unsubordinated obligations of the Issuer, ranking <i>pari passu</i> without any preference or priority among themselves.
Priority of Distributions	On each Periodic Distribution Date and on any Termination Date, the Payments Administrator will apply the monies standing to the credit of the Payments Administrator Designated Account in the order of priority set out under Condition 4.2 ( <i>Application of Proceeds from the Sukuk Assets</i> ).
Limited Recourse	<p>By purchasing the Certificates, the Certificateholders are deemed to agree to certain limited recourse provisions as specified in Condition 3.5 (<i>Agreement of Certificateholders</i>).</p> <p>In particular, the Certificateholders will agree that no payment of any amount whatsoever shall be made by or on behalf of the Issuer (acting in any capacity) other than from the proceeds of the Sukuk Assets, and further that no recourse shall be had for the payment of any amount owing under the Certificates or under any Finance Document, whether for the payment of any fee or other amount under the Certificates or any other obligation or claim arising out of or based upon the Finance Documents, against the Issuer (acting in any capacity) to the extent the proceeds of the Sukuk Assets have been enforced, realized and fully discharged following which all obligations of the Issuer (acting in any capacity) will be extinguished and the Issuer will have no liability to pay or otherwise make good any shortfall in the proceeds of the Sukuk Assets.</p>

Tax	<p>All payments in respect of the Certificates shall be made without withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of The Kingdom or any political subdivision or taxing authority thereof or therein, unless such withholding is required by law. If the withholding or deduction of any such Tax is required by law, the Issuer shall, provided that each relevant Certificateholder is a resident of The Kingdom, pay to each such relevant Certificateholder additional amounts so that the full amount which otherwise would have been due and payable under the Certificates if no such Tax had been withheld is received by such Certificateholder; <i>provided, further</i>, that no such additional amounts shall be paid with respect to (i) any Tax to the extent that the Certificateholder is able to obtain and utilize a Tax Credit in respect of the Tax and is not put in a worse after-Tax position than it would have been had no withholding or deduction in respect of the applicable Tax been required or (ii) any Tax that results from a failure by any Certificateholder to file, submit or provide any certificate or document or to furnish any information, in each case, that may be necessary to establish any available exemption from, or reduction in the amount of, any Tax, where:</p> <p>(A) such Certificateholder is aware of the need to file, submit or provide the documents and information referred to above or ought reasonably to be so aware; and</p> <p>(B) it is otherwise not materially prejudicial to the legal or commercial position of the Certificateholder to file, submit or provide those documents and/or information (but, for these purposes, it shall be deemed to be prejudicial if (1) it is impossible due to a legal or administrative impediment in or imposed by The Kingdom to so file, submit or provide those documents and/or information, or (2) such filing, submission or provision imposes upon the Certificateholders more than a <i>de minimis</i> cost or expense for which it is not reimbursed).</p> <p>In addition, all payments by the Completion Guarantors under the Completion Guarantees will be made without withholding or deduction for, or on account of, any taxes of the Government unless such withholding is required by law. In such event, the Completion Guarantors will, pursuant to the terms, and subject to the terms and conditions, of the Completion Guarantees, pay such additional amounts as may be necessary to ensure that the full amount which otherwise would have been due and payable is received by the Guarantee Beneficiaries (including the Issuer) thereunder.</p>
Costs Undertaking	<p>Sadara will execute a Costs Undertaking pursuant to which it will agree (provided, in relation to Tax, the Issuer does not have any Excess Cash) to reimburse the Issuer for its own costs, expenses, Tax liabilities and in respect of the liability of the Issuer to make certain payments of fees, expenses and Tax liabilities and indemnity sums to certain service providers and third parties including, without limitation, the Certificateholders' Agent, Payments Administrator and the Issuer Security Agents.</p>
Use of Proceeds	<p>The proceeds of the issue of the Certificates, after deduction of certain agreed transaction costs and expenses (including, without limitation, the combined management and selling commission due to the Joint Lead Managers and Joint Bookrunners), will be contributed by the Issuer to the Musharaka to be used in accordance with the Business Plan. See the section of this Prospectus entitled "<i>Use of Proceeds</i>" for further details.</p>
Certificateholder Meetings	<p>A summary of the provisions of the Declaration of Agency for convening meetings of Certificateholders to consider matters relating to their interests as such is set out in Condition 15 (<i>Meetings of Certificateholders, Modification, Waiver, Authorization and Determination</i>).</p>
Sukuk Transaction Documents	<p>The Declaration of Agency, the Certificates, the Payments Administration Agreement, the Offshore Issuer Charge and Assignment Deed, the Onshore Issuer Assignment Agreement, the Onshore Issuer Security over Accounts Agreement, the Subscription Agreement, the Sukuk Split-Closing Undertaking Agreement, the Costs Undertaking, the Registry Agreement, the Musharaka Agreement, the Forward Lease Agreement, the Procurement Agreement, the Service Agency Agreement and the Sukuk Promissory Notes will be entered into in connection with the Sukuk Facility. The Issuer will enter into the GCTA and the Intercreditor Agreement. The Issuer will be a Guarantee Beneficiary under the Completion Guarantees, and will have rights as a Secured Party and Senior Financing Participant under the Accounts Agreement and the Security Documents, to which the Intercreditor Agent, the Onshore Security Agent and the Offshore Security Trustee and Agent are party on behalf of the Secured Parties and Senior Financing Participants, including the Issuer.</p>



Governing Law	<p>The Declaration of Agency, the Certificates, the Payments Administration Agreement, the Onshore Issuer Assignment Agreement, the Onshore Issuer Security over Accounts Agreement, the Costs Undertaking, the Registry Agreement, the Musharaka Agreement, the Procurement Agreement, the Service Agency Agreement, the Forward Lease Agreement, the Subscription Agreement and the Sukuk Promissory Notes will be governed by the laws of The Kingdom.</p> <p>The GCTA, the Intercreditor Agreement, the Accounts Agreement, the Offshore Issuer Charge and Assignment Deed, the Completion Guarantees, the Sukuk Split-Closing Undertaking Agreement, the Issuer Security Agency Agreement and any non-contractual obligations arising out of, or in connection with, those documents are or will be governed by, and construed in accordance with, English law.</p> <p>The Offshore Security Documents granted by Sadara are governed by, and construed in accordance with, English law, whilst the Onshore Security Documents granted by Sadara are governed by-laws of The Kingdom.</p>
Selling Restrictions	<p>The offering, sale and delivery of the Certificates is limited to persons who are either (a) natural persons who are nationals of The Kingdom or (b) legal entities with a permanent establishment in The Kingdom holding a current commercial registration number issued by the Ministry of Commerce and Industry, and which, in each case, maintain a bank account in The Kingdom. The primary distribution of the Certificates will be only to Institutional Investors, although Qualified Persons who are not Institutional Investors may be able to purchase Certificates from Institutional Investors subsequently.</p> <p>For a more detailed description of these and other restrictions on offers, sales and deliveries of Certificates and on the distribution of offering material relating to the Certificates, see the section of this Prospectus entitled “<i>Subscription And Sale</i>”.</p>
Risk Factors	<p>A purchase of Certificates should be made only after careful consideration of a potential Certificateholder’s investment objectives. See the section of this Prospectus entitled “<i>Risk Factors</i>”.</p>

### *Overview of the Shari’a structure*

Partners of the Musharaka	The Issuer and Sadara, in their respective capacities as Partners under the Musharaka Agreement.
Managing Partner	Sadara, in its capacity as Managing Partner under the Musharaka Agreement.
Musharaka Authorized Agent	Sadara Assets Leasing Company.
Co-Lessors	The Issuer and Sadara, in their respective capacities as Co-Lessors under the Forward Lease Agreement.
Lessee	Sadara, in its capacity as Lessee under the Forward Lease Agreement.
Procurement Contractor	Sadara, in its capacity as Procurement Contractor under the Procurement Agreement.
Service Contractor	Sadara, in its capacity as Service Contractor under the Service Agency Agreement.
Musharaka Agreement	<p>The Musharaka Agreement will be dated on or before the Closing Date and will be entered into between the Issuer, Sadara, the Musharaka Authorized Agent (acting for and on behalf of the Managing Partner and the Partners), the Onshore Issuer Security Agent, the Intercreditor Agent and the Certificateholders’ Agent. The Musharaka Agreement will govern the terms and conditions on which the Partners agree to enter into the Musharaka. The purpose of the Musharaka will be to earn profit from the application of the respective capital contributions of the Partners in accordance with the Business Plan as set out in the Musharaka.</p>

In relation to the capital contributions made by each of the Partners, the Issuer will make payment of the Contribution less any deduction permitted under clause 2.5 (*Musharaka*) of the Musharaka Agreement in-cash by crediting a Project Account of Sadara. Sadara will make an in-kind capital contribution by assigning to the Musharaka its rights, benefits and entitlements in and to the Contribution Assets with a valuation agreed between the Partners of approximately SAR202.7 million.

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#### Forward Lease Agreement

The Forward Lease Agreement will be dated on or before the Closing Date and will be entered into between the Musharaka Authorized Agent (acting for and on behalf of the Co-Lessors), the Issuer, the Onshore Issuer Security Agent, the Intercreditor Agent, the Lessee and the Certificateholders' Agent.

Under the Forward Lease Agreement, the Co-Lessors will agree to lease the Lease Assets to the Lessee. The **Lease Assets** will be the Issuer's proportional interest in and entitlement to the Project Assets as at the date of the Forward Lease Agreement (without adjustment in accordance with the Musharaka Agreement in respect of the Partners' respective entitlement to the assets of the Musharaka from time to time).

In consideration for the lease of the Lease Assets, the Lessee will agree to make Advance Rental Payments (prior to and including the Lease Commencement Date, being the date of Delivery), and following the Lease Commencement Date, Rental Payments (in each case together with any applicable Early Payment Amounts) to the Issuer as Co-Lessor by payment of the same into the Transaction Account.

In consideration of the fact that the Lease Assets will be the Issuer's proportional interest in and entitlement to the Project Assets, the Partners have agreed that the Issuer will be solely entitled to receive all Advance Rental Payments, Rental Payments, Early Payment Amounts, the Lessee Termination Sum, any Total Loss Shortfall Amount and any and all other amounts expressed under the relevant Transaction Documents to be received by it, and that the Managing Partner will not be entitled to receive any such amounts and will be entitled to receive only those sums expressly provided for in such Finance Documents.

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#### Procurement Agreement

The Procurement Agreement will be dated on or before the Closing Date and will be entered into between the Musharaka Authorized Agent (acting for and on behalf of the Partners and the Managing Partner), the Issuer, the Certificateholders' Agent, the Onshore Issuer Security Agent, the Intercreditor Agent and Sadara (in its capacity as Procurement Contractor). The Procurement Agreement will set out the terms and conditions upon which the Procurement Contractor will act as an independent contractor to procure the construction and delivery of the Project Assets.

The **Project Assets** to be constructed are: (i) the butyl glycol ether and amines (ethyleneamines and ethanolamines) plants; (ii) a plant to convert hydrochloric acid to chlorine (but not a related Chlor-Alkali and brine plant and associated shared services assets); (iii) the DNT, concentrated sulfuric acid, nitric acid, MNB, aniline, and formalin plants, as well as a central lab with a sample transportation system; and (iv) boilers supplying steam to the assets listed in (i) to (iii) (inclusive) as well as the assets which are part of the Project.

If Delivery does not occur (or is not deemed to occur in accordance with the Procurement Agreement) on or prior to the Target Completion Date, the Procurement Contractor will be obliged to pay the Delayed Delivery Compensation to the Issuer in respect of each Delay Period. The parties to the Procurement Agreement will agree therein that such amounts are fair and reasonable and a genuine pre-estimate of losses suffered by the Issuer as a result of the failure by the Procurement Contractor to procure Delivery strictly in accordance with the terms of the Procurement Agreement.

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#### Service Agency Agreement

The Service Agency Agreement will be dated on or before the Closing Date and will be entered into between the Musharaka Authorized Agent (acting for and on behalf of the Co-Lessors), the Issuer, the Certificateholders' Agent, the Onshore Issuer Security Agent, the Intercreditor Agent and Sadara (in its capacity as Service Contractor).

By virtue of the Service Agency Agreement, the Managing Partner on behalf of the Co-Lessors will appoint Sadara as the Service Contractor and the Service Contractor will agree to act as an independent service contractor for the Co-Lessors to perform and discharge certain services during the Contract Term.

These services will include carrying out Major Maintenance of the Lease Assets, obtaining and maintaining necessary insurances and settling any taxes that may be assessed in respect of the Lease Assets. The Service Contractor will be entitled to reimbursement for all costs, fees and expenses related to the performance and discharge of the services in relation to the Lease Assets.

Security granted by the Issuer	<p>Pursuant to the Issuer Security Documents, the Issuer will grant security over the Sukuk Assets to the Onshore Issuer Security Agent and Offshore Issuer Security Agent (as the case may be), each of whom will hold such security for the benefit of the Issuer Secured Parties, which will include the Certificateholders and each of the Service Providers.</p> <p>To the extent that the security interests to be created pursuant to the Issuer Security Documents are enforced, the proceeds of such enforcement will be passed on to the Certificateholders and the other Issuer Secured Parties in accordance with the order of priority of payments set out in Condition 4.2 (<i>Application of Proceeds from the Sukuk Assets</i>) (see further also the section of this Prospectus entitled “<i>Summary of the Sukuk Transaction Documents – Issuer Security Documents</i>” for a full summary of the terms and conditions of these documents).</p>
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### Overview of Principal Finance Documents

GCTA and the Intercreditor Agreement	<p>The Issuer and Sadara will be parties to the GCTA and the Intercreditor Agreement. Pursuant to the GCTA, the Sukuk Participant (in its capacity as a Senior Financing Participant and an Initial Senior Creditor) will benefit from a package of: (i) common information undertakings; (ii) common positive and negative undertakings; and (iii) Common Events of Default, granted by or agreed to by Sadara in favor of the Senior Creditors in relation to their respective Senior Financing Instruments (of which the Sukuk Facility Documents (taken together) are one).</p> <p>Pursuant to the Intercreditor Agreement, the Sukuk Participant (in its capacity as a Senior Creditor and a Secured Party) is, among other things, the beneficiary of certain rights and is liable for certain obligations, with respect to the other Senior Creditors, the Secured Parties and Sadara, such as (for example) the right to receive proceeds of enforcement of the Security Documents under the transaction’s Post-Enforcement Payment Priorities contained therein.</p> <p>See further the section of this Prospectus entitled “<i>Summary of the Principal Finance Documents</i>” for a full summary of the terms and conditions of these documents, and accordingly the Sukuk Participant’s rights and obligations as a Senior Creditor, Senior Financing Participant and Secured Party thereunder. The Sukuk Participant’s rights in such capacities are secured for the benefit of, among others, the Certificateholders pursuant to the Issuer Security Documents.</p>
Priority of Payments by Sadara	<p>All amounts payable by Sadara under the Transaction Documents to or for the benefit of the Sukuk Participant, are subject to the payment by Sadara of: (i) all amounts which rank senior to payments to the Sukuk Participant; and (ii) payments which must be made <i>pari passu</i> with payments to the Sukuk Participant, in each case in accordance with the priorities of payments specified in the Accounts Agreement (prior to an enforcement) and Post-Enforcement Payment Priorities specified in the Intercreditor Agreement (following an enforcement) (see the sections of this Prospectus entitled “<i>Summary of the Principal Finance Documents – Intercreditor Agreement</i>”, and “<i>Summary of the Principal Finance Documents– Accounts Agreement</i>” for a summary of these priorities of payment).</p>
Security Granted by Sadara	<p>Pursuant to the Security Documents, Sadara will grant security over certain of its assets (excluding, at the date of this Prospectus, its physical assets but including its contractual rights as more fully described in the section of this Prospectus entitled “<i>Summary of the Principal Finance Documents – Security Documents</i>”) to the Onshore Security Agent and the Offshore Security Trustee and Agent, each of whom will hold such security for the benefit of the Secured Parties (other than SIDF (to the extent SIDF participates in the financing of the Project)), which from the Closing Date, will include the Sukuk Participant.</p>

To the extent that the security interests to be created pursuant to the Security Documents are enforced, the Sukuk Participant (and subject to payment by or on behalf of the Sukuk Participant, the Certificateholders) is entitled to a *pro rata* share of the proceeds of such enforcement, subject to the Post-Enforcement Payment Priorities specified in the Intercreditor Agreement (see further also the section of this Prospectus entitled “*Summary of the Principal Finance Documents – Security Documents*” for a full summary of the terms and conditions of these documents, and accordingly the Issuer’s rights and obligations as a Senior Financing Participant and a Secured Party thereunder).

Completion Guarantees	Pursuant to the Completion Guarantees, prior to and excluding the Project Completion Date, Saudi Aramco and DEH will guarantee (up to their respective Relevant Proportion) the obligations of Sadara to pay principal, commission, premia and other financing costs payable to the Guarantee Beneficiaries (the <b>Guaranteed Obligations</b> ), and in particular, in the context of the Certificates, the obligations of Sadara to make payments under or in respect of the Forward Lease Agreement, the Musharaka Agreement, the Procurement Agreement, the Costs Undertaking and the Sukuk Promissory Notes. Pursuant to the Dow Secondary Completion Guarantee, Dow will guarantee the payment obligations of DEH under the DEH Primary Completion Guarantee. Each guarantee is made for the benefit of the Guarantee Beneficiaries (which includes the Sukuk Participant). See further the section of this Prospectus entitled “ <i>Summary of the Principal Finance Documents – Completion Guarantees</i> ” for a more detailed summary of the terms of the Completion Guarantees.
Sukuk Promissory Notes	Sadara will, on the Closing Date, and from time to time thereafter in accordance with the GCTA, deliver the Sukuk Promissory Notes to the Certificateholders’ Agent in connection with its obligations to make payments to the Issuer under the Sukuk Transaction Documents (see further also the section of this Prospectus entitled “ <i>Summary of the Principal Finance Documents – Global Common Terms Agreement</i> ”.
Intercreditor Voting	<p>If, at any time, any Decision is requested, or expressly required to be made, under or in connection with any provision of the Intercreditor Agreement and which requires a vote of some or all of the Senior Creditors, then the Intercreditor Agent will notify the appropriate Administrative Agents (which, in the case of the Sukuk Facility, is the Sukuk Participant) of the details of the Decision to be made. Depending on the nature and type of Decision, the Intercreditor Agreement will provide for the following categories of decision-making:</p> <ul style="list-style-type: none"> <li>(a) Unanimous Group Decisions which will require the consent of each Senior Creditor Group with all the Senior Creditors under each Senior Financing Instrument voting as a block on the basis of the required majority under their respective Senior Financing Instrument (or, in the case of the Sukuk Facility, under the Declaration of Agency).</li> <li>(b) Administrative Decisions of a routine, administrative, immaterial and procedural nature which may be taken by the Intercreditor Agent without the requirement to consult with the Senior Creditors.</li> <li>(c) Majority Decisions to be taken with the consent of the Majority Senior Creditors voting as a block on the basis of the required majority under their respective Senior Financing Instrument (or, in the case of the Sukuk Facility, under the Declaration of Agency).</li> <li>(d) Qualified Majority Decisions which will generally require the consent of the Qualified Majority Senior Creditors (comprising at least an ECA Majority) voting as a block on the basis of the required majority under their respective Senior Financing Instruments (or, in the case of the Sukuk Facility, under the Declaration of Agency).</li> <li>(e) Individual Facility Decisions relating solely to a particular Senior Creditor Group and made by only those Senior Creditors part of that group, voting in accordance with the applicable Senior Financing Instrument (or, in the case of the Sukuk Facility, under the Declaration of Agency).</li> </ul>

- (f) Decisions with respect to the ability of a Senior Creditor Group to initiate Enforcement Action, whereby the applicable majority operates on a sliding scale where, with the passage of time, the majority threshold (i.e. the Initiating Percentage) required to initiate Enforcement Action reduces.

Upon receipt of notification from the Intercreditor Agent, the Certificateholders will be asked to vote on the relevant matter, in order to instruct the Issuer to vote accordingly and to notify the Intercreditor Agent of the same.

The Intercreditor Agreement will contain certain provisions which ensure that certain (but not all) Decisions which would adversely affect the interests of the Certificateholders may not be taken without the approval of the Issuer acting on the instructions of the Certificateholders.

For a more detailed summary of the intercreditor voting provisions, and the relevant Decision-making majorities, see the section of this Prospectus entitled “*Summary of the Principal Finance Documents – Intercreditor Agreement*”.

Additional Senior Debt	<p>Sadara is permitted, upon satisfying certain specified conditions, to raise the following Additional Senior Debt (creditors thereunder are treated as Senior Creditors in all respects in relation to such Senior Debt (in the case of Expansion Debt, only following the completion of the relevant Expansion Facility or Permitted Development), including sharing in the Security on a <i>pari passu</i> basis) without the consent of the Senior Creditors:</p> <ul style="list-style-type: none"> <li>(a) Expansion Debt – to finance or refinance an Expansion Facility or a Permitted Development;</li> <li>(b) Additional CapEx Debt – to finance or refinance an Expansion Facility or a Permitted Development;</li> <li>(c) Replacement Debt – to refinance or replace Senior Debt or commitments to provide such Senior Debt;</li> <li>(d) Supplemental Debt – to supplement (subject to specified caps) the existing Senior Debt; and</li> <li>(e) Buy-down Supplemental Debt – to replace amounts of the Initial Senior Debt prepaid in order to satisfy the Creditors’ Reliability Test.</li> </ul> <p>See further the section of this Prospectus entitled “<i>Summary of the Principal Finance Documents – Global Common Terms Agreement – Additional Debt Categories</i>” in relation to these categories of Additional Senior Debt, and the conditions regulating the incurrence thereof.</p>
Distributions	<p>Subject to the application of Pre-Completion Net Revenues (as described in the section of this Prospectus entitled “<i>Summary of the Principal Finance Documents – Global Common Terms Agreement – Sharing of Pre-Completion Revenues</i>”) and the ability of Sadara to make true-up payments if the Debt-to-equity Ratio is lower than 65:35, after the Project Completion Date and subject to the satisfaction of certain other conditions (as more particularly described in the section of this Prospectus entitled “<i>Summary of the Principal Finance Documents – Accounts Agreement – Distributions Account</i>”), Sadara may transfer money to the Distributions Account (from where such funds may be used to make Distributions to Sadara’s Shareholders).</p>

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*Summary of the Project*


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Sadara and the Sponsors	<p>On 12 May 2007, the Founding Shareholders signed a memorandum of understanding (amended and restated as of 30 September 2010G) to develop the Project in The Kingdom. The Project entails the development of an integrated performance chemicals and plastics complex, at a currently estimated cost of USD19.3 billion (SAR72.4 billion) (including financing costs) to be located in Jubail Industrial City II on the east coast of The Kingdom.</p> <p>The Founding Shareholders established Sadara for the purpose of implementing the Project. As at the date of this Prospectus, Sadara as an entity is fully operational and is managing its day-to-day business.</p> <p>The Saudi Aramco Shareholder is (directly) wholly-owned by Saudi Aramco, and the Dow Shareholder is (indirectly) wholly-owned by Dow.</p> <p>Saudi Aramco is a large, integrated global petroleum exploration and production company wholly-owned by the Government. Saudi Aramco is the sole concessionaire producing crude oil in The Kingdom, with the exception of two enterprises in the Partitioned Zone. Saudi Aramco is currently the only supplier of crude oil for refineries in The Kingdom and has discovered more than 107 oil and gas fields in The Kingdom, including the Ghawar field, the world's largest oil field, and Safaniya, the world's largest offshore oil field.</p> <p>Dow is a diversified chemical company which combines the power of science and technology to passionately innovate what is essential to human progress. Dow connects chemistry and innovation with the principles of sustainability to help address many of the world's most challenging problems such as the need for clean water, renewable energy generation and conservation, and increasing agricultural productivity. Dow's diversified industry leading portfolio of specialty chemicals, advanced materials, agrosiences, and plastics businesses delivers a broad range of technology-based products and solutions to customers in approximately 160 countries and in high-growth sectors such as electronics, water, energy, coatings and agriculture.</p> <p>DEH is a wholly-owned indirect subsidiary of Dow. The objects of DEH are to act as a holding company, including, but not limited to, the participation in and the management and financing of other companies. DEH acts as the primary guarantor to Sadara's obligations pursuant to the DEH Primary Completion Guarantee, which is in turn guaranteed by Dow under the Dow Secondary Completion Guarantee. In addition, DEH acts as a significant technology provider to the Project.</p>
Information on the Issuer	<p>The Issuer's corporate objects as set out in its by-laws are carrying out maintenance and operation contracts, and managing and operating petrochemical plants.</p>
Overview of the Project	<p>Comprised of 26 manufacturing units and building on Saudi Aramco's project management and execution expertise, and utilizing many of Dow's industry-leading technologies, the Sadara Complex will be one of the world's largest integrated chemical facilities, and the largest ever built in a single phase. The Sadara Complex will possess flexible cracking capabilities and will produce approximately three million mt per year of high-value added chemical products and performance plastics, capitalizing on rapidly growing markets in energy, transportation, infrastructure, and consumer products. The chemical production complex will be fully integrated and will benefit from the well-established industrial infrastructure at Jubail.</p>

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The overall Sadara Complex is configured with a MFC and an aromatics plant as the key feed process units. These units will produce: (i) ethylene and propylene from Ethane Feedstock and Naphtha Feedstock; and (ii) very high-purity benzene and toluene from Pygas and purchased benzene and toluene, as the four primary hydrocarbon intermediate product streams for the Sadara derivatives process units.

Sadara will market the Products to customers located within The Kingdom and the Middle East Zone, and, subject to the arrangements summarized below, the Marketer will have the exclusive right and obligation to market the Products outside of The Kingdom and the Middle East Zone. For each Product there will be a product marketing and lifting agreement between Sadara and the Marketer which will initially be a Dow subsidiary. After a certain date (which differs depending on the relevant Product), Saudi Aramco or an Affiliate thereof may elect to become a marketer, subject to the satisfaction of certain conditions (including relating to the relevant Saudi Aramco entity's marketing capabilities for the relevant Product). If a Saudi Aramco entity elects to exercise these marketing rights, there will be a transition period whereby quantities of the relevant Product marketed by the Marketer will come to be, over time, marketed by the relevant Saudi Aramco entity, until such time as both the Marketer and the relevant Saudi Aramco entity are each marketing an equal quantity of Products outside of The Kingdom and the Middle East Zone.

#### Construction phases

The Project is being designed and executed using a robust project work process incorporating the extensive mega-project experience and best-in-class practices of the Sponsors. It will be implemented in four phases:

- Programme FEED – ended August 2010;
- Project FEED – ended December 2011);
- EPC – expected to end October 2015; and
- Commissioning and start-up – expected to end June 2016.

Programme FEED was completed in August 2010 and contractors were selected for the Project FEED phase.

The construction activities for the Project commenced in the second-half of 2012 and Mechanical Completion of the last plant is currently expected to occur in the second-half of 2016. A period of one year (which will start prior to June 2016) is estimated to allow for the stabilization of all operations prior to the preliminary start date for the CRT. Once the CRT has been successfully passed, and certain other requirements have been satisfied, the Project Completion Date will occur.

### Overview of Principal Project Documents

#### Feedstock Supply Agreements

Sadara has entered into a number of agreements with Saudi Aramco for the supply of naphtha, ethane, sales gas, fuel oil, benzene and toluene as fuel and feedstock for the Project.

For further information see the section of this Prospectus entitled “*Summary of the Principal Project Documents – Feedstock Supply Agreements*”.

#### Catalyst Supply Agreements

Sadara has entered into (or will enter into) Catalyst Supply Agreements with Dow, its Affiliates, and certain third party suppliers, which set out the terms and conditions pursuant to which Sadara will purchase proprietary catalyst components for the Project.

For further information see the sections of this Prospectus entitled “*Business Overview – Catalyst Supply*” and “*Summary of the Principal Project Documents – Catalyst Supply Agreements*”.

#### Dow Product Marketing and Lifting Agreements

Sadara has entered into a number of agreements with Dow Saudi Arabia Product Marketing B.V. for the marketing and lifting of Products outside of The Kingdom and the Middle East Zone.

For further information see the section of this Prospectus entitled “*Summary of the Principal Project Documents – Dow Product Marketing and Lifting Agreements*”.



Construction Contracts	<p>Most of the EPC scope will be executed either as LSTK or EPCM-LSPB. The contracting strategy developed by the Project is based upon the objectives of constructing the process units in parallel and minimizing the number of contracts and interfaces, whilst retaining a sufficient pool of bidders for packages and minimizing Project construction costs.</p> <p>For further information see the section of this Prospectus entitled “<i>Summary of the Principal Project Documents – Construction Contracts</i>”.</p>
Power Supply Implementation Agreement	<p>Sadara has entered into a Power Supply Implementation Agreement with SEC whereby SEC shall provide Sadara with its power requirement at the Sadara Complex, up to its contractual load maximums, starting from 1 October 2013.</p> <p>For further information see the section of this Prospectus entitled “<i>Summary of the Principal Project Documents – Power Supply Implementation Agreement</i>”.</p>
Industrial Gases Purchase Agreement	<p>Sadara has entered into an Industrial Gases Purchase Agreement with IGC whereby IGC will make available to Sadara the Contracted Capacity of hydrogen, carbon monoxide and ammonia, and on an as available basis, high pressure steam.</p> <p>For further information see the section of this Prospectus entitled “<i>Summary of the Principal Project Documents – Industrial Gases Purchase Agreement</i>”.</p>
Nitrogen and Oxygen Supply Agreement	<p>Sadara has entered into a Nitrogen and Oxygen Supply Agreement with National Industrial Gases Company whereby National Industrial Gases Company will make available on a continuous and committed basis to Sadara the contracted volume of high pressure nitrogen, low pressure nitrogen and oxygen.</p> <p>For further information see the section of this Prospectus entitled “<i>Summary of the principal Project Documents – Nitrogen and Oxygen Supply Agreement</i>”.</p>
Hydrogen Peroxide Supply	<p>On 12 December 2011, Dow, Saudi Aramco and Solvay signed the HP MOU in relation to the development of an HP Plant to be located within the Sadara Complex. Pursuant to the terms of the HP MOU, Sadara and a Solvay subsidiary will form a joint venture company, expected to be named “Saudi Hydrogen Peroxide Company”, to construct and own the HP Plant. Sadara is the project manager for the construction of the HP Plant, which will subsequently be operated by a locally incorporated Solvay subsidiary. The HP Plant will have a nameplate capacity of 303,000 mt per annum, which is sufficient to meet 100% of Sadara’s hydrogen peroxide requirements. The design of the HP Plant is supported by the recent development by Dow and Solvay of similar hydrogen peroxide facilities in Belgium and Thailand. As at the date of this Prospectus, engineering work carried out pursuant to the HP MOU is well progressed and engineering documentation has been finalized. Sadara and Solvay signed the shareholders’ agreement on 24 December 2012 for the joint venture company, and are currently finalizing a suite of technology agreements relating to Solvay’s technology and a crude hydrogen peroxide supply agreement. The full package of documentation is due for completion during 2013.</p> <p>For further information see the section of this Prospectus entitled “<i>Summary of the Principal Project Documents – Crude HP Supply Agreement</i>”.</p>
Butanol Supply	<p>The Butanol Sponsors are forming a company (which it is proposed will be known as “Saudi Butanol Company”), in which they will hold equal shares, to implement a project to design, construct, finance, own and operate a butanol production facility at Al-Jubail Industrial City I with a nameplate capacity of 330,000 mt of butanol products per annum (the <b>Butanol Plant</b>).</p> <p>As at the date of this Prospectus, a shareholders’ agreement (which (<i>inter alia</i>) establishes the joint venture company and sets out the funding and management structure for the same) has been executed between the Butanol Sponsors, and other project documents including the Tolling and Processing Agreement, and certain ancillary documents have been substantially agreed as between the Butanol Sponsors. It is anticipated that final forms of all project documents will be executed during Q2 2013.</p> <p>For further information see the section of this Prospectus entitled “<i>Summary of the Principal Project Documents – Tolling and Processing Agreement</i>”.</p>

Supply Chain/Transportation (Packaging Center, Port, Trucking, Rail)	<p>Sadara is in receipt of bids for a contract to facilitate the delivery of all raw materials to the Sadara Complex, and the export of all Products (other than those transported by pipeline) from the Sadara Complex.</p> <p>For imported raw materials and exported Products, Sadara intends to utilize primarily the King Fahd Industrial Port (<b>KFIP</b>) and the Jubail Commercial Port (<b>JCP</b>), which are each within 20 kilometers of the Sadara Complex. Sadara may also utilize Dammam King Abdul Aziz Seaport, if and as required. Negotiation of contracts for the use of port tank farm facilities and port terminal services are currently underway in accordance with an MOU entered into between Sadara and Jubail Chemical Storage and Services Company (<b>JCSSC</b>).</p> <p>Initially, and for a short period only all transportation of imported raw materials and of local market and export Products will be by trucks contracted with in-Kingdom trucking companies capable of haulage on existing infrastructure from and to the seaports. Following the short-term trucking period, the intention is to switch to rail for the majority of the transportation needs between the Sadara Complex and seaports. The infrastructure for the trucking mode of transportation has been surveyed, evaluated and deemed sufficient for the near term needs of Sadara, pending conversion to rail.</p> <p>Sadara is engaged with Saudi Railway Company (<b>SARCO</b>) in the negotiation of an agreement for the construction and operation of rail services between the Sadara Complex and the KFIP and the JCP, respectively.</p>
Industrial Water Supply Agreement	<p>Sadara has entered into an Industrial Water Supply Agreement with Marafiq whereby Marafiq will make available to Sadara contracted volumes of water. For further information see the section of this Prospectus entitled “<i>Summary of the Principal Project Documents – Industrial Water Supply Agreement</i>”.</p>
Secondment Agreement	<p>Sadara has entered into a Secondment Agreement with the Dow Shareholder and Saudi Aramco to govern the procedures, terms and conditions under which personnel may be seconded to Sadara.</p> <p>For further information see the sections of this Prospectus entitled “<i>Summary of the Principal Project Documents – Secondment Agreement</i>” and “<i>Business Overview – Labor And Employee Matters</i>”.</p>
Industrial Land Lease Contract	<p>Sadara has entered into a lease agreement with the RCJY as Lessor on which the Sadara Complex will be built.</p> <p>For further information see the section of this Prospectus entitled “<i>Summary of the Principal Project Documents – Industrial Land Lease Contract</i>”.</p>
General Services Agreement	<p>Sadara has entered into a General Services Agreement with the Dow Shareholder and Saudi Aramco to procure technical and non-technical services to the extent required for the conduct of Sadara’s business and operations.</p> <p>For further information see the section of this Prospectus entitled “<i>Summary of the Principal Project Documents – General Services Agreement</i>”.</p>
Main Automation Contract Framework Agreement	<p>Dow and Aramco Services Company have entered into a Main Automation Contract Framework Agreement with MAC whereby MAC shall supply an IPCS and related services to control and monitor plant production of the Sadara Complex.</p> <p>For further information see the section of this Prospectus entitled “<i>Summary of the Principal Project Documents – Main Automation Contract Framework Agreement</i>”.</p>
Operating Systems and Tools Agreement	<p>Sadara has entered into a Dow OS&amp;T Agreement with an Affiliate of Dow to allow Dow’s globally proven Operating Systems and Tools to be used in the Sadara Complex. Dow’s Operating Systems and Tools are the manufacturing work processes and enabling tools that Dow uses globally to efficiently, effectively and safely design, operate and maintain its plants.</p> <p>For further information see the section of this Prospectus entitled “<i>Summary of the Principal Project Documents– Operating Systems and Tools Agreement</i>”.</p>

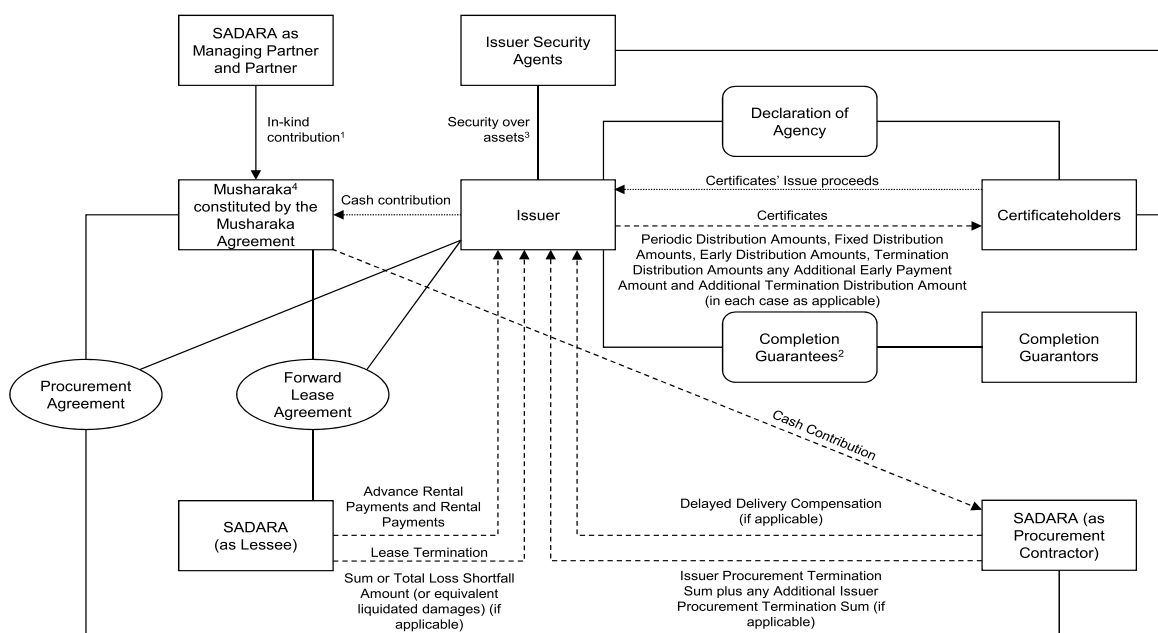
Technology Transfer  
Agreements, Technology  
Licenses and Technical  
Services Agreements

Sadara has entered into licensing, technical services and technology transfer agreements with certain of the counterparties (which include certain Affiliates of Dow and certain third parties) described in the sections of this Prospectus entitled “*Business Overview – Technology And Licensing*”, “*Summary of the Principal Project Documents – Technology Agreements – Technical Services Agreements*”, “*Summary of the Principal Project Documents – Technology Agreements – Technology License Agreements*” and “*Summary of the Principal Finance Documents – Technology Agreements – Technology Transfer Agreements*”. These agreements govern the terms and conditions under which Sadara has access to technology for the operation of the various units that comprise the Sadara Complex.

## Structure Diagram and Cashflows

Set out below is a simplified structure diagram of the transaction and description of the principal cash flows underlying the transaction. Potential investors are referred to the terms and conditions of the Certificates in the section of this Prospectus entitled “Terms and Conditions of the Certificates” and the detailed descriptions of the relevant Transaction Documents set out in the section of this Prospectus entitled “Summary of the Sukuk Transaction Documents” for a more detailed description of certain cash flows and for an explanation of the meaning of certain capitalized terms used below.

### Structure Diagram:



<sup>1</sup> Assignment of Sadara's rights, benefits and entitlements in, to and under the Industrial Land Lease Contract.

<sup>2</sup> Prior to the Project Completion Date, Saudi Aramco, UUV and UeH will guarantee the obligations of Sadara to the Issuer under (inter alia) the Sukuk Transaction Documents.

<sup>3</sup> The Issuer's assets will primarily consist of its contractual rights under the Sukuk Facility Documents and the other Transaction Documents to which it is a party or under which it has rights, and the balances standing from time to time in the client's Transaction Account. For a summary of the security interests granted by the Issuer over its assets, see further the section of this Prospectus entitled "Summary of the Sukuk Transaction Documents - Issuer Security Documents."

<sup>4</sup> The Partners and Managing Partner of the Musharaka have appointed the Musharaka Authorized Agent to enter into the Procurement Agreement, the Forward Lease Agreement and the Service Agency Agreement on their behalf and in their name.

### Cashflows:

Prospective Certificateholders should also refer to the tables in this section on pages 21 to 26 for a summary of the following cash flows.

#### Payments by the Certificateholders and the Issuer on the Closing Date:

On the Closing Date, the issue price of the Certificates will be paid to the Issuer. The Issuer will then pay the Contribution (less any deduction permitted pursuant to clause 2.5 (*Musharaka*) of the Musharaka Agreement in-cash as a capital contribution to the Musharaka (which is constituted by the Musharaka Agreement). Simultaneously, Sadara will make an in-kind contribution of all of its rights, benefits and entitlements in and to the Contribution Assets to the Musharaka in its capacity as a Partner of the Musharaka. The Managing Partner will pay the Contribution to the order of the Procurement Contractor by deposit into a Project Account.

Using the Contribution in accordance with the Procurement Agreement, the Procurement Contractor will engage certain contractors to procure the construction and delivery of the Project Assets.

#### Payments by Sadara to the Issuer after the Closing Date:

The Musharaka Authorized Agent (acting on behalf of the Co-Lessors) will enter into the Forward Lease Agreement with Sadara as Lessee, under which the Co-Lessors will agree to lease the Lease Assets to the

Lessee, on a forward basis prior to the Lease Commencement Date in return for payment of the Advance Rental Payments on each Advance Rental Payment Date, and on an actual basis with effect from the Lease Commencement Date in return for payment of the Rental Payments on each Rental Payment Date.

The Advance Rental Payments and the Rental Payments paid under the Forward Lease Agreement will be paid by the Lessee to the Issuer by payment directly to the Transaction Account. In addition, under the terms of the Forward Lease Agreement, on the applicable due date for payment the Lessee shall also make payment to the Issuer of: (i) on each Rental Payment Date from and including the Lease Commencement Date any Early Payment Amounts (being a prepayment of Rental Payments); and (ii) (at any time) any and all other amounts whatsoever due and payable under the Forward Lease Agreement.

If the Lease Commencement Date has not occurred on or prior to the Target Completion Date, the Procurement Contractor will pay Delayed Delivery Compensation in respect of each Delay Period to the Issuer on each Delay Period Payment Date. In addition, under the terms of the Procurement Agreement, on the applicable due date for payment the Procurement Contractor will also make payment to the Issuer of: (i) any Early Payment Amounts (being a partial return of the Contribution, which for these purposes shall not take into account any previously deducted transaction costs and expenses); and (ii) (at any time) any and all other amounts whatsoever due and payable under the Procurement Agreement.

*Early Termination prior to the Lease Commencement Date:*

Upon an early termination of the Forward Lease Agreement prior to the Lease Commencement Date, the Managing Partner as Co-Lessor will be required to pay the Lessor Termination Sum (being a repayment of the aggregate of all Advance Rental Payments paid by the Lessee up to the date of termination) to the Lessee. Simultaneously, the Procurement Agreement will be terminated and the Procurement Contractor will pay the Issuer Procurement Termination Sum to the Issuer and the Managing Partner Procurement Termination Sum to the Managing Partner.

The Issuer Procurement Termination Sum will consist of an amount equal to the aggregate of: (i) the outstanding face amount of the Certificates at the date of termination; (ii) any accrued but unpaid Periodic Distribution Amounts in respect of the Certificates; (iii) if applicable, the Additional Early Payment Amount; (iv) any and all other amounts outstanding and due and payable under the Certificates; and (v) any other amount due and payable by Sadara (in whatever capacity) to the Issuer (in whatever capacity) under any Finance Document (in each case in respect of (i) to (v) above, without double counting). Upon payment of such amount, the Issuer will have no further rights and / or entitlement in and to the Musharaka Assets then in existence, which will be vested in Sadara without further formality, and the Musharaka will be dissolved. The Managing Partner Procurement Termination Sum consists of an amount equal to the aggregate of all Advance Rental Payments paid in respect of the Lease Assets up to the date of termination. The obligation of Sadara as Procurement Contractor to pay the Managing Partner Procurement Termination Sum (in accordance with the terms of the Procurement Agreement) will be set off against the obligation of the Managing Partner to pay the Lessor Termination Sum.

If the Procurement Contractor fails to pay all or any part of the Issuer Procurement Termination Sum to the Issuer on the due date for payment, the Procurement Agreement will not be terminated and such amount will remain immediately due and payable and, in addition, the Procurement Contractor shall irrevocably and unconditionally pay the Additional Issuer Procurement Termination Sum which shall accrue on a daily basis in accordance with the terms of the Procurement Agreement from the due date to but excluding the date the overdue Issuer Procurement Termination Sum is paid in full to the Transaction Account of the Issuer. The Additional Issuer Procurement Termination Sum will not include any compensation for the overdue amount described in paragraph (ii) of the definition of Issuer Procurement Termination Sum.

The circumstances in which the Forward Lease Agreement may be terminated prior to the Lease Commencement Date are summarized in the section of this Prospectus entitled “*Summary of the Sukuk Transaction Documents – Forward Lease Agreement – Termination*”.

*Early Termination following the Lease Commencement Date:*

Upon an early termination of the Forward Lease Agreement on or after the Lease Commencement Date, the Lessee will be required to pay the Lessee Termination Sum to the Issuer, being: (i) all accrued and unpaid Rental Payments and Early Payment Amounts (or any part thereof); (ii) the aggregate of all Fixed Rental Payments

payable and unpaid from and including the date of termination in accordance with clause 12 (*Termination*) of the Forward Lease Agreement to and including the Scheduled Termination Date; (iii) any and all other amounts outstanding and due and payable under the Certificates to the Certificateholders; (iv) the Additional Early Payment Amount (if applicable); and (v) any other amount due and payable by Sadara (in whatever capacity) to the Issuer (in whatever capacity) under any Finance Document (in each case, in respect of (i) to (v) above, without double counting). Upon payment of such sum: (A) under the Forward Lease Agreement the Lessee will acquire from the Issuer all of its remaining ownership interests in, to and under the Lease Assets that have not already been acquired by payment of the Fixed Rental Payments and the Early Payment Amounts (if any); and (B) under the Musharaka Agreement the Issuer will have no further rights and / or entitlements in and to the Musharaka Assets then in existence, which will be vested in Sadara without further formality, and the Musharaka will be dissolved.

If a Total Loss Event occurs with respect to the Lease Assets, then the lease of the Lease Assets will terminate and the Lessee will have no further obligation to pay the Rental Payments (save for those which have accrued but are unpaid). The Issuer will be entitled (pursuant to the Service Agency Agreement or the Forward Lease Agreement, as applicable) to payment to it into the Transaction Account for its account of its proportion of the proceeds of Insurances (or any other insurances which have been obtained pursuant to the Service Agency Agreement) payable as a result of the Total Loss Event, subject to, and in accordance with, the applicable terms of the Finance Documents. In addition by no later than 60 days from the date of the occurrence of the Total Loss Event, Sadara may elect pursuant to clause 10.9(a) (*Mandatory Prepayment – Total Loss Event*) of the GCTA to make an Early Payment in full of the Sukuk Facility resulting in the Lessee Termination Sum being payable under the Forward Lease Agreement. If such Lessee Termination Sum is not paid within 60 days of the occurrence of the Total Loss Event: (i) the Service Contractor or (as applicable) (ii) the Lessee, shall be obliged to pay any Total Loss Shortfall Amount immediately thereafter, *provided* in the case of (i) that the Service Contractor has been in breach of its obligations under clause 4 of the Service Agency Agreement in relation to obtaining and maintaining certain insurances in respect of the Lease Assets and in the case of (ii) the Total Loss Event has been caused by the negligence, default or breach by the Lessee of the Forward Lease Agreement. In either such case (but not in the absence of such breach, default or negligence, as applicable), the Issuer will be entitled to receive payment from the Service Contractor or the Lessee (as applicable, but without double counting in either case) of any Total Loss Shortfall Amount (as to which see the definition thereof and of “Full Reinstatement Value” in the section of this Prospectus entitled “*Glossary of Certain Defined Terms*”).

Only following the occurrence of a Total Loss Event can the termination payment due to the Issuer comprise a combination of the proceeds of the Insurances (or any other insurances which have been obtained pursuant to the Service Agency Agreement) and the Total Loss Shortfall Amount as described in the foregoing paragraph. In all other circumstances of an early termination of the Forward Lease Agreement following the Lease Commencement Date, the termination payment due to the Issuer (and therefore used to fund the corresponding amounts due under the certificate as described below) will be the Lessee Termination Sum as described above.

#### *Payment under the Certificates to Certificateholders:*

Prior to and including the Lease Commencement Date, the Advance Rental Payments made by Sadara to the Issuer will fund the payment by the Issuer to Certificateholders of the Periodic Distribution Amounts due on the Certificates. With effect from the Periodic Distribution Date immediately following the Lease Commencement Date, the Rental Payments made by Sadara to the Issuer will fund: (i) the payment by the Issuer to Certificateholders of the Periodic Distribution Amounts due on the Certificates; and (ii) on and from the Periodic Distribution Date immediately following the First Repayment Date, the payment by the Issuer to Certificateholders of Fixed Distribution Amounts due under the Certificates under Condition 8.6 (*Partial Redemption*).

Should Delivery not occur or be deemed not to have occurred in accordance with the provisions of the Procurement Agreement (as applicable) on or prior to the Target Completion Date, unless and until (subject to Conditions 8.5 (*Termination Following a Termination Event*) and 12 (*Termination Event*)) Delivery subsequently takes place and the Lease Commencement Date accordingly occurs, the payment by Sadara to the Issuer of Delayed Delivery Compensation will fund: (i) the payment by the Issuer of Periodic Distribution Amounts; and (ii) on and from the Periodic Distribution Date immediately following the First Repayment Date, Fixed Distribution Amounts under the Certificates under Condition 8.6 (*Partial Redemption*).

At all times both prior to and following the Lease Commencement Date, the payment of Early Payment



Amounts by Sadara to the Issuer under: (i) (from and including the Lease Commencement Date) the Forward Lease Agreement as a prepayment of Rental Payments; and (ii) (at any time prior to the Lease Commencement Date) the Procurement Agreement as a partial return of the Contribution (which for these purposes shall not take into account any previously deducted transaction costs and expenses), will fund the Issuer's payment of Early Distribution Amounts to the Certificateholders under Condition 8.6 (*Partial Redemption*).

*Redemption of the Certificates on the Scheduled Termination Date:*

On the Scheduled Termination Date, the Lessee will have paid all the Advance Rental Payments and Rental Payments (or Delayed Delivery Compensation in lieu thereof) on a "lease to own" basis and will, as a result, taking into account any and all Fixed Compensation Payments (under the Procurement Agreement), Fixed Rental Payments (under the Forward Lease Agreement) and Early Payment Amounts (under either the Forward Lease Agreement, the Procurement Agreement, or both (as applicable)) previously paid, acquire the Issuer's remaining ownership interest in the Lease Assets. Upon payment of the final Rental Payment to the Issuer, on the Scheduled Termination Date the Certificates will be redeemed in full at their applicable Termination Distribution Amount by the Issuer. Upon redemption of the Certificates in full, the Issuer will have no further rights and / or entitlements in and to the Musharaka Assets, and the Musharaka Assets then in existence will then vest in Sadara without further formality and the Musharaka will be dissolved.

*Redemption of the Certificates prior to the Scheduled Termination Date:*

The Certificates are redeemable prior to the Scheduled Termination Date in whole but not in part in certain circumstances pursuant to Conditions 8.2 (*Early Termination for Tax Reasons*), 8.3 (*Early Termination at the Option of the Issuer*) and 8.4 (*Termination Following an Intercreditor Event*), and may become immediately due and payable pursuant to Conditions 8.5 (*Termination Following a Termination Event*) and 12 (*Termination Events*), each as more particularly described therein and in the section of this Prospectus entitled "*Risk Factors – There are a number of circumstances in which the Certificates may be redeemed prior to their scheduled maturity date*". When the Issuer elects or is obliged to (as the case may be) redeem the Certificates under these Conditions, the Issuer will be required to pay the applicable Termination Distribution Amount (plus, in the case of redemption under Condition 8.3 (*Early Termination at the Option of the Issuer*) if applicable, the Additional Early Payment Amount).

The Procurement Agreement and the Forward Lease Agreement will terminate in the circumstances in which the Certificates are redeemable as described above, and Sadara is required in these circumstances to pay to the Issuer the Issuer Procurement Termination Sum or the Lessee Termination Sum (as applicable and without double counting), or (in the event of the occurrence of a Total Loss Event) the proceeds (if any) of any claim under the Insurances (if any) (or any other insurances which have been obtained pursuant to the Service Agency Agreement) received by the Issuer under the Forward Lease Agreement or the Service Agency Agreement (as the case may be), together with the Total Loss Shortfall Amount (if such amount is payable by either (i) the Lessee pursuant to the terms of the Forward Lease Agreement or (ii) the Service Contractor pursuant to the terms of the Service Agency Agreement). The receipt (or otherwise, in the case of the Total Loss Shortfall Amount, where such amount is not required to be paid under the Forward Lease Agreement or the Service Agency Agreement) of these amounts will allow the Issuer to make the corresponding payment of the applicable Termination Distribution Amount required to be made by it under the Certificates.

If the Lessee fails to pay any or all of the Lessee Termination Sum when due, the Forward Lease Agreement will not be terminated and, the Lessee will be obliged to continue to lease the Lease Assets and irrevocably, unconditionally and automatically pay to the Issuer, in addition to the due but unpaid Lessee Termination Sum, the Additional Lessee Termination Sum which shall accrue on a daily basis in accordance with the terms of the Forward Lease Agreement from the due date to, but excluding, the date the Lessee Termination Sum is paid in full to the Transaction Account of the Issuer. The Additional Lessee Termination Sum will not include any compensation for any proportion of the overdue amount described in paragraph (a) of the definition of Lessee Termination Sum which represents the sum required to be paid under paragraph (a) of the definition of Rental Payment.



### *Costs and Expenses of the Issuer:*

The Issuer will incur certain costs, expenses and Tax liabilities from time to time, including those costs and expenses incurred by the Service Providers and Third Parties and including those costs, expenses, and Tax liabilities required to be paid by it to statutory or regulatory bodies such as the Authority. Sadara will undertake, in accordance with and subject to the limitations in the terms of the Costs Undertaking to pay from time to time, to or to the order of the Issuer, an amount equal to such costs, expenses, and Tax liabilities (including, if applicable, an amount equal to any amount payable by the Issuer under Condition 10 (*Taxation*) unless the Issuer has Excess Cash in the Transaction Account to pay such amounts when due).

The Issuer Shareholders will own 100% of the Issuer. Accordingly, 100% of the annual tax adjusted profits of the Issuer will be subject to income tax at a rate of 20%.

The Issuer's income (in the form of payments to it by Sadara under the Sukuk Transaction Documents) is intended exactly to match its liabilities to the Certificateholders under the Certificates and to Service Providers and Third Parties. Accordingly, the Issuer is not expected to report a net income or loss on an annual basis and, as such, there should be no overall annual liability to pay income tax in the Issuer.

### *Set off of the Services Charges:*

The obligation of the Managing Partner, acting on behalf of the Co-Lessors, to pay the Service Charges to the Service Contractor will be set-off against the obligation of the Service Contractor (acting in its capacity as Lessee) to pay the equivalent Service Charge as a Supplementary Rental Payment under the Forward Lease Agreement or, as the case may be, as part of any Lessee Termination Sum under the Forward Lease Agreement.

### *Summary of Cash Flows:*

The following table summarizes the payment obligations of the Issuer under the Certificates, and the payment flows to the Issuer from Sadara under the applicable Sukuk Facility Document which will be applied by the Issuer to meet such obligations.

Payment due from Issuer	Provision of Conditions or relevant Transaction Documents	Priority of Payment (Pre-Enforcement) under Condition 4.2(a)	Priority of Payment (Post-Enforcement) under Condition 4.2(e)	Equivalent payment to Issuer by Sadara
1. Payments to Service Providers, Intercreditor Agent and Security Agents	Miscellaneous under the Transaction Documents	First	First	Met by payments by Sadara under the Costs Undertaking
2. Third Parties	Miscellaneous under or in connection with the Transaction Documents	Second	Second	Met by payments by Sadara under the Costs Undertaking
3. Periodic Distribution Amount	Condition 6 ( <i>Periodic Distribution Amounts</i> )	Third	Third	Depending on the period during which the due date for payment falls (see " <i>Indicative Timeline of Payments</i> " below) either: (i) the variable element of Delayed Delivery Compensation under the Procurement Agreement; (ii) Advance Rental Payments under the Forward Lease Agreement; or (iii) the variable element of Rental Payments under the Forward Lease Agreement <sup>1</sup>

Payment due from Issuer	Provision of Conditions or relevant Transaction Documents	Priority of Payment (Pre-Enforcement) under Condition 4.2(a)	Priority of Payment (Post-Enforcement) under Condition 4.2(e)	Equivalent payment to Issuer by Sadara
4. Fixed Distribution Amounts	Condition 8.6 ( <i>Partial Redemption</i> )	Fourth	N/A	Depending on the period during which the due date for payment falls (see “ <i>Indicative Timeline of Payments</i> ” below) either: (i) Fixed Compensation Payments (being the fixed element of Delayed Delivery Compensation) under the Procurement Agreement; or (ii) Fixed Rental Payments (being the fixed element of Rental Payments) under the Forward Lease Agreement <sup>2</sup>
5. Early Distribution Amounts	Condition 8.6 ( <i>Partial Redemption</i> )	Fourth	N/A	Early Payment Amounts payable under the Forward Lease Agreement or the Procurement Agreement
6. Termination Distribution Amount	Conditions 8.1 ( <i>Scheduled Termination</i> ), 8.2 ( <i>Early Termination for Tax Reasons</i> ), 8.3 ( <i>Early Termination at the Option of the Issuer</i> ), 8.4 ( <i>Termination Following an Intercreditor Event</i> ) or 8.5 ( <i>Termination Following a Termination Event</i> ) and Condition 12 ( <i>Termination Event</i> ), as applicable	Fifth	Fourth	Depending on the period during which the due date for payment falls (see “ <i>Indicative Timeline of Payments</i> ” below) one of: (i) the Issuer Procurement Termination Sum under the Procurement Agreement; (ii) the Lessee Termination Sum under the Forward Lease Agreement; or (iii) (if Sadara has not elected to prepay in full the Sukuk Facility in accordance with clause 10.9(a) ( <i>Mandatory Prepayment – Total Loss Event</i> ) of the GCTA within 60 days of the occurrence of a Total Loss Event) the proceeds (if any) of any claim under the Insurances (or any other insurances which have been obtained pursuant to the Service Agency Agreement) received by the Issuer pursuant to the Forward Lease Agreement or the Service Agency Agreement (as applicable), together with the Total Loss Shortfall Amount (to the extent payable by Sadara) under the Forward Lease Agreement or the Service Agency Agreement (as applicable) <sup>3</sup>
7. Additional Early Payment Amount	Condition 8.3 ( <i>Early Termination at the Option of the Issuer</i> )	Fifth	Fourth	Additional Early Payment Amounts under the Forward Lease Agreement or the Procurement Agreement

Payment due from Issuer	Provision of Conditions or relevant Transaction Documents	Priority of Payment (Pre-Enforcement) under Condition 4.2(a)	Priority of Payment (Post-Enforcement) under Condition 4.2(e)	Equivalent payment to Issuer by Sadara
8. Tax gross-up under the Certificates	Condition 10 ( <i>Taxation</i> )	N/A	N/A	Met by payment by Sadara to the Issuer under the Finance Documents or, to the extent that the Issuer does not have Excess Cash in the Transaction Account to pay amounts due under or fails to comply with any obligation to pay additional amounts pursuant to Condition 10 ( <i>Taxation</i> ), in accordance with the Costs Undertaking
9. Additional Termination Distribution Amount	Condition 7.2 ( <i>Cessation and Continuation of Accrual</i> )	Fifth	Fourth	Depending on the period during which the due date for payment falls (see “ <i>Indicative Timeline of Payments</i> ” below) either: (i) the Additional Lessee Termination Sum under the Forward Lease Agreement; or (ii) the Additional Issuer Procurement Termination Sum under the Procurement Agreement

Notes:

- Each of these three payments, and the subsequent payment by the Issuer of the Periodic Distribution Amount, are composed of the same four elements: (i) the same SAIBOR rate (calculated under Condition 6.2 (*SAIBOR Determination*) plus the Sukuk Margin); (ii) a uniform day count fraction (Actual/360); (iii) the aggregate face amount of Certificates outstanding on the first day of the relevant accrual period (taking into account any principal reductions and cancellations effected up to and on that date); and (iv) applied to a six monthly accrual period from and including 15 June or 15 December (as applicable) to but excluding the following 15 June or 15 December (as applicable) (with appropriate adjustments for non-Business Days and any scheduled payment period which is less than six months in duration). These accrual periods are: (i) in respect of Delayed Delivery Compensation, the Delay Periods; (ii) in respect of Advance Rental Payments, the Advance Rental Periods; (iii) in respect of Rental Payments, the Lease Periods; and (iv) in respect of the Periodic Distribution Amounts, the Return Accumulation Periods. See further the definition of each of these terms in the section of this Prospectus entitled “*Glossary of Certain Defined Terms*”.
- Each of these two payments, and the payment by the Issuer of Fixed Distribution Amounts under Condition 8.6 (*Partial Redemption*), have the same payment schedule as set out in the definitions thereof in the section of this Prospectus entitled “*Glossary of Certain Defined Terms*” or (in the case of Fixed Distribution Amounts) in Condition 8.6 (*Partial Redemption*), with: (i) the same payment dates (other than that Fixed Distribution Amounts are paid by the Issuer on the Business Day following receipt of the corresponding Fixed Compensation Payments or Fixed Rental Payments by the Issuer from Sadara); and (ii) the same fixed repayment amounts.
- Each of these three sums as defined in the Procurement Agreement and the Forward Lease Agreement (and each as set out in the definitions thereof in the section of this Prospectus entitled “*Glossary of Certain Defined Terms*”), is intended to be sufficient to meet the applicable Termination Distribution Amounts due from the Issuer under the Certificates, together with any other amounts due under the Issuer’s applicable priorities of payment as set out in Condition 4.2 (*Application of Proceeds from the Sukuk Assets*).

### Indicative Timeline of Payments:

The following table summarizes the key payment dates upon which the Issuer receives payments from Sadara under the applicable Sukuk Facility Document, and shows the corresponding payment date and payment amount by the Issuer under the Certificates.

	Date for payment under Forward Lease Agreement, Procurement Agreement or Service Agency Agreement (as applicable)	Payment to the Issuer by Sadara	Payment Date under the Conditions	Payment by the Issuer
<b>Periodic Payments</b>				
1.	First Advance Rental Payment Date	Advance Rental Payment under the Forward Lease Agreement and any Early Payment Amount under the Procurement Agreement, if applicable, and any other amounts due	Periodic Distribution Date <sup>1</sup>	Periodic Distribution Amount and any Early Distribution Amounts, if applicable
2.	Each Advance Rental Payment Date (until and including the Lease Commencement Date)	Advance Rental Payment under the Forward Lease Agreement and any Early Payment Amount under the Procurement Agreement, if applicable, and any other amounts due	Periodic Distribution Date <sup>1</sup>	Periodic Distribution Amount and any Early Distribution Amounts, if applicable
3.	First Rental Payment Date	Rental Payment and any Early Payment Amount under the Forward Lease Agreement, if applicable, and any other amounts due	Periodic Distribution Date <sup>1</sup>	Periodic Distribution Amount, Fixed Distribution Amounts and any Early Distribution Amounts, if applicable
4.	Each Rental Payment Date	Rental Payment and any Early Payment Amount under the Forward Lease Agreement, if applicable, and any other amounts due	Periodic Distribution Date <sup>1</sup>	Periodic Distribution Amount, Fixed Distribution Amounts and any Early Distribution Amounts, if applicable
5.	First Delay Period Payment Date <sup>2</sup>	Delayed Delivery Compensation and any Early Payment Amount under the Procurement Agreement, if applicable, and any other amounts due	Periodic Distribution Date <sup>1</sup>	Periodic Distribution Amount, Fixed Distribution Amounts and any Early Distribution Amounts, if applicable

	Date for payment under Forward Lease Agreement, Procurement Agreement or Service Agency Agreement (as applicable)	Payment to the Issuer by Sadara	Payment Date under the Conditions	Payment by the Issuer
6.	Each Delay Period Payment Date <sup>2</sup>	Delayed Delivery Compensation and any Early Payment Amount under the Procurement Agreement, if applicable, and any other amounts due	Periodic Distribution Date <sup>1</sup>	Periodic Distribution Amount, Fixed Distribution Amounts and any Early Distribution Amounts, if applicable

#### Termination Payments

7.	Date of termination under the Procurement Agreement <sup>3</sup>	Issuer Procurement Termination Sum plus any Additional Issuer Procurement Termination Sum payable	Date of redemption of the Certificates under Conditions 8.2 ( <i>Early Termination for Tax Reasons</i> ), 8.3 ( <i>Early Termination at the Option of the Issuer</i> ), 8.4 ( <i>Termination Following an Intercreditor Event</i> ) or 8.5 ( <i>Termination Following a Termination Event</i> ) and Condition 12 ( <i>Termination Event</i> ), as applicable	Applicable Termination Distribution Amount (plus any Additional Early Payment Amount (if this is payable under Condition 8.3 ( <i>Early Termination at the Option of the Issuer</i> )))
8.	Date of termination under the Forward Lease Agreement <sup>4</sup>	Lessee Termination Sum plus any Additional Lessee Termination Sum	Date of redemption of the Certificates under Conditions 8.2 ( <i>Early Termination for Tax Reasons</i> ), 8.3 ( <i>Early Termination at the Option of the Issuer</i> ), 8.4 ( <i>Termination Following an Intercreditor Event</i> ) (save for the circumstances in 9 below) or 8.5 ( <i>Termination Following a Termination Event</i> ) and Condition 12 ( <i>Termination Event</i> ), as applicable	Applicable Termination Distribution Amount (plus any Additional Early Payment Amount (if this is payable under Condition 8.3 ( <i>Early Termination at the Option of the Issuer</i> )))
9.	Not later than 60 days from the occurrence of a Total Loss Event, where Sadara has not elected to prepay in full the Sukuk Facility in accordance with clause 10.9(a) ( <i>Mandatory Prepayment – Total Loss Event</i> ) of the GCTA	Proceeds (if any) of applicable Insurances (or any other insurances which have been obtained pursuant to the Service Agency Agreement) plus Total Loss Shortfall Amount (if any) <sup>5</sup>	Date of redemption of the Certificates under Condition 8.4 ( <i>Termination Following an Intercreditor Event</i> )	Applicable Termination Distribution Amount <sup>5</sup>

#### Notes:

<sup>1</sup> Periodic Distribution Dates fall on the next Business Day after the corresponding Payment Date under the Forward Lease Agreement and the Procurement Agreement.

<sup>2</sup> Delay Period Payment Dates will occur only if the Lease Commencement Date does not occur or is deemed not to have occurred in accordance with the Procurement Agreement on or before the Target Completion Date. If Delayed Delivery Compensation is payable, then for so long as this is the case, neither Advance Rental Payments (save for those which have accrued but are unpaid) nor Rental Payments are made under the Forward Lease Agreement

*and instead sums equivalent thereto will be paid as Delayed Delivery Compensation.*

*3 This will only be applicable prior to the Lease Commencement Date.*

*4 If termination occurs on or following the Lease Commencement Date, then the applicable termination payment is the Lessee Termination Sum (other than in respect of note 5 below).*

*5 If a Total Loss Event has occurred and Sadara has not elected pursuant to clause 10.9(a) (Mandatory prepayment – Total Loss Event) of the GCTA to make a prepayment in full of the Sukuk Facility, then the applicable termination payment is the aggregate of: (i) the proceeds (if any) of any claim under the Insurances (or any other insurances which have been obtained pursuant to the Service Agency Agreement) received by the Issuer; and (ii) the Total Loss Shortfall Amount (in the case of (ii) only payable under either: (x) the Forward Lease Agreement (if the Total Loss Event has been caused by the negligence, default or breach by the Lessee of the Forward Lease Agreement) or; (y) the Service Agency Agreement (if the Service Contractor has been in breach of its obligations under clause 4 of the Service Agency Agreement in relation to obtaining and maintaining certain insurances in respect of the Lease Assets).*

## Shari'a Advisory Committees and Pronouncements

Prospective Certificateholders should not rely on the pronouncements referred to below in deciding whether to make an investment decision regarding the Certificates and should consult their own *Shari'a* advisors as to whether the proposed transaction described in such pronouncements is in compliance with the principles of *Shari'a*.

### *Pronouncement of the Joint Shari'a Committee of Alinma Investment Company and AlBilad Investment Company:*

Copies of the pronouncement issued by the Joint *Shari'a* Committee of Alinma Investment Company and AlBilad Investment Company, relating to the Certificates and confirming that in its view the proposed issue of the Certificates and the related structure and mechanisms described in certain of the Sukuk Transaction Documents are in compliance with *Shari'a* principles, will be distributed to prospective Certificateholders upon request by Alinma Investment Company.

### *Overview of the Joint Shari'a Committee of Alinma Investment Company and AlBilad Investment Company:*

The Joint *Shari'a* Committee of Alinma Investment Company and AlBilad Investment Company is an independent committee formed for the purpose of transactions relating to the proposed issue of the Certificates and consists of one member of the *Shari'a* committee of Alinma Investment Company and two members of the *Shari'a* Board of AlBilad Investment Company.

### *Members of the Joint Shari'a Committee of Alinma Investment Company and AlBilad Investment Company:*

#### *Dr. Sulaiman Bin Turki Al-Turki (Member):*

Dr. Sulaiman Bin Turki Al-turki is a faculty member in the High Judiciary Institute at Al-Imam Muhammad ibn Saud Islamic University. He holds M.A. and Ph.D. degrees in Islamic Jurisprudence and has an M.A. in International Trade Law from Essex University in the United Kingdom. He is currently pursuing a Law Doctorate at the University of London. Dr. Al-Turki is the author of a published book called "Deferred Sale and its applications on Islamic banking". He has also participated in many Islamic seminars and conferences such as the Accounting and Auditing Organization for Islamic Financial Institutions annual conference and the Albaraka symposium for Islamic economics.

#### *Sheikh Dr. Yousef bin Abdullah Al-Shubaily (Member):*

Sheikh Al-Shubaily, is an Assistant Professor at Al-Imam Muhammad ibn Saud Islamic University, Post-Graduate Judicial Institute, and Comparative Fiqh (Jurisprudence) Department. Sheikh Al Shubaily serves as an advisor to several Islamic financial institutions.

#### *Sheikh Dr. Mohammed bin Saud Al-Osaimi (Member):*

Sheikh Al-Osaimi, is an Associate Professor at Al-Imam Muhammad ibn Saud Islamic University, College of *Shari'a*, Administration and Economics Department. Sheikh Al-Osaimi serves as an advisor to several Islamic financial institutions.

### *Pronouncement of the DB Shari'a Advisor:*

Copies of the pronouncement issued by the DB *Shari'a* Advisor relating to the Certificates and confirming that in his view the proposed issue of the Certificates and the related structure and mechanism described in certain of the Sukuk Transaction Documents are in compliance with *Shari'a* principles, will be distributed to prospective Certificateholders upon request by Deutsche Securities Saudi Arabia L.L.C.

### *Overview of DB Shari'a Advisor:*

The DB *Shari'a* Advisor is an independent advisor appointed by Deutsche Securities Saudi Arabia L.L.C.

He regularly reviews and appraises transactions conducted by Deutsche Securities Saudi Arabia L.L.C., its affiliated institutions or its clients to ensure full compliance with *Shari'a*.

*Information on DB Shari'a Advisor:*

*Dr. Hussein Hamed Hassan:*

Dr. Hassan received his Ph.D. from the Faculty of *Shari'a* at Al Azhar University in Cairo, Egypt in 1965. He also holds two degrees in Law from the International Institute of Comparative Law, New York University and two degrees in Law and Economics from Cairo University. He served as Assistant Professor, Associate Professor and Professor of *Shari'a* in the Faculty of Law and Economics at Cairo University between 1960 and 2002.

Currently, Dr. Hassan either chairs, or is a member of the *Shari'a* supervisory boards, of more than 20 Islamic financial institutions across the world, including Emirates Islamic Bank, Dubai Islamic Bank, National Bank of Sharjah, Islamic Development Bank, Dubai Islamic Insurance and Re-Insurance (Aman), Tamweel, AMLAK, the Liquidity Management Centre and the Accounting and Auditing Organization for Islamic Financial Institutions.

Dr. Hassan is the author of 21 books on Islamic law, finance, economics, social studies and art, in addition to more than 400 research articles on these subjects.

*Pronouncement of the Shari'ah Committee of Riyadh Capital:*

Copies of the pronouncement issued by Riyadh Capital's *Shari'a* Committee relating to the Certificates and confirming that, in its view, the proposed issue of the Certificates and the related structure and mechanism described in certain of the Sukuk Transaction Documents are in compliance with *Shari'a* principles, will be distributed to prospective Certificateholders upon request by Riyadh Capital.

*Overview of the Shari'ah Committee of Riyadh Capital:*

The *Shari'ah* Committee of Riyadh Capital was appointed by the board of directors of Riyadh Capital in 2008. The *Shari'ah* Committee of Riyadh Capital is an independent committee, guiding Riyadh Capital and meeting regularly for review and appraisal to ensure full compliance with *Shari'a*.

*Members of the Shari'ah Committee of Riyadh Capital:*

*Sheikh Abdullah Bin Sulaiman Al-Manea:*

Sheikh Al-Manea is a member of The Kingdom's Royal Diwan and has been a member of its Supreme Judiciary Committee since its inception in the year 1391H. He was appointed Vice President for Research of Advocacy and Counselling in 1396H. He is a member of the Islamic Fiqh Academy of the OIC and was formerly Deputy President of the Makkah Courts and former Judge of the Court of Cessation in Makkah Al Mukarramah.

Sheikh Al-Manea is a member of many Saudi banks' *Shari'a* supervisory committees. He is also a member of many *Shari'a* councils including the Accounting & Auditing Organization of Islamic Financial Institutions in Bahrain. Sheikh Al-Manea has supervised a number of PhD thesis and has participated in the discussion of a number of MA and PhD dissertations. He has compiled a number of *Shari'a* rulings (interpretive opinions) and is an author of a number of books on Islamic finance.

*Sheikh Dr. Abdullah Bin Mohammed Al-Mutlaq:*

Sheikh Al-Mutlaq is a member of the Permanent Committee for Research and Pronouncements (*iftaa*). Sheikh Abdullah received his doctorate from Al-Imam Muhammad ibn Saud Islamic University, Riyadh in 1404H and was formerly Chairman of the University's Comparative Fiqh Department.

Sheikh Al-Mutlaq is a member of many Saudi banks' *Shari'a* supervisory committees.

Sheikh Al-Mutlaq has supervised a number of PhD theses and has participated in the discussion of a number of MA and PhD dissertations. He has compiled a number of *Shari'a* rulings (interpretive opinion) and is an author of a number of books on Islamic finance.



*Sheikh Dr Muhammad A Elgari Bin Eid:*

Sheikh Elgari is a Professor of Islamic Economics at King Abdul Aziz University, Jeddah and former Director of the Centre for Research in Islamic Economics at the same university. Sheikh Elgari is the laureate of the Islamic Development Bank International Prize in Islamic Banking and Finance for the year 2004. He is an Expert at the Islamic Fiqh Academy of the Organization of the Islamic Conference and the Islamic Jurisprudence Academy of the Islamic World League (the “IWL”).

He is a member of the editorial board of several academic publications in the field of Islamic Finance and Jurisprudence, including the journals of the Jurisprudence Academy of the IWL, Islamic Economic Studies of the Islamic Development Bank, Islamic Economics of the International Association of Islamic Economics, London and the Advisory Board of the Harvard Series in Islamic Law.

Sheikh Elgari is a member of numerous *Shari’a* committees of banks and financial institutions. He has authored several books and articles on Islamic finance in both Arabic and English. Sheikh Elgari is also a frequent speaker in conferences worldwide and was a visiting scholar at Harvard University in 1995. Sheikh Elgari holds a PhD in Economics from the University of California.

## Risk Factors

*Prospective Certificateholders should carefully consider, taking into account their own circumstances and investment objectives, the risks described below (any of which could materially and adversely affect the Issuer's and Sadara's business, results of operations and financial condition) in addition to all other information included in this Prospectus before making an investment decision. The risks described below are not exhaustive. Additional risks and uncertainties not known to the Issuer as at the date of this Prospectus or that the Issuer currently deems to be immaterial may also materially and adversely affect its business, results of operations and financial condition and / or those of Sadara. Accordingly, prospective Certificateholders should make their own independent assessment of the risks related to any purchase of the Certificates and of the economic and regulatory environment in which the Issuer or Sadara operates.*

*This Prospectus also contains forward-looking statements that involve risks and uncertainties. Both Sadara's and the Issuer's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by Sadara and the Issuer described below and elsewhere in this Prospectus. Prospective Certificateholders should read the section of this Prospectus entitled "Forecasts and Forward-looking Statements" for more information.*

### **(A) RISKS RELATED TO SADARA'S (AND THE ISSUER'S) BUSINESS AND THE PROJECT**

*Sadara has no operating history and its sole assets are its interests in the Project:*

The Project is currently under-construction and Sadara is a newly incorporated company, and therefore Sadara has no operating history, relying on the experience of the Sponsors to provide it with, *inter alia*, the training and expertise to operate the Sadara Complex. In addition, Sadara's sole assets are its interests in the Project, including (when constructed) the Sadara Complex and assets related thereto, the Operating Revenue derived therefrom, the Finance Documents and the Project Documents to which it is a party, the Project Accounts and the other assets and agreements related to the operation of the Project. Sadara will not receive any material revenues until Sadara begins to produce the Products and begins to sell the Products to its customers.

Following the termination of the Completion Guarantees on the Project Completion Date, these assets, including receipts from the Operating Revenues of Sadara, will be the sole source of funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates. No assurance can be given that any Operating Revenues generated by the Project will be sufficient to service such payments or that, should an Event of Default occur, these assets of Sadara would generate sufficient funds to enable such payments to be made.

*Products (or, at least, a large majority of them) will not be sold by Sadara under take-or-pay contracts:*

Sadara will market Products directly to customers within The Kingdom and a designated Middle East Zone. The remainder of the Products (which is expected to be the majority of the production) will be delivered by Sadara to the Marketer, who is required to lift, market and sell them to customers outside of The Kingdom and the Middle East Zone. The Marketer does not purchase and pay Sadara for the Products; rather, subject to certain exceptions, the Marketer passes on the proceeds from the sales it makes to customers to Sadara. As: (a) these Products will not be sold by Sadara to the Marketer or customers under "take-or-pay" contracts which would require payment to be made to Sadara for Products, whether or not they are physically accepted; (b) any material failure by the Marketer to fulfill its obligations to Sadara, or the termination of a Dow Product Marketing and Lifting Agreement, could result in a material diminution in Sadara's Operating Revenues, and Sadara has limited remedies available to it against the Marketer in such circumstances (which may not fully compensate for the diminution in revenue); and (c) the Dow Product Marketing and Lifting Agreements have no fixed expiry periods after which Sadara could replace the Marketer (or a marketer appointed by Saudi Aramco, should it elect to commence marketing 50% of the Marketer's allocation of Products, as described elsewhere in this Prospectus), breaches by the Marketer of its obligations could reduce the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates. There can be no assurance that Sadara would be able to replace the Marketer in a cost-effective and timely manner.

*Sadara relies on the timely supply of feedstocks and fuels under the Feedstock Supply Agreements:*

Sadara relies solely upon Saudi Aramco to deliver in a timely manner the volumes of feedstock and fuel which Saudi Aramco is obliged to supply to Sadara under the Feedstock Supply Agreements. However, under the terms of the Feedstock Supply Agreements, Saudi Aramco's obligation to deliver is subject to changes in Applicable Law and relevant production policies of The Kingdom (and, in the case of Ethane Feedstock, availability within The Kingdom). Further, Saudi Aramco is relieved of its obligation to supply upon the occurrence of an event outside its reasonable control, without being subject to a requirement to pay monetary damages or other remedies. For example, Saudi Aramco may have limited ability to supply ethane or sales gas to Sadara if Sadara is not allocated the relevant quantity by the Saudi Ministry of Petroleum or such allocation is reduced or cancelled by the Saudi Ministry of Petroleum prior to the expiry of the term of the relevant Feedstock Supply Agreements. (The current allocation letter has expired in the ordinary course and Sadara is currently in discussions regarding its renewal). In addition, delivery of fuels and feedstocks by Saudi Aramco could be interrupted for a variety of reasons, including production or operational difficulties in the distribution network, industrial accidents or equipment failures.

Where Saudi Aramco fails to supply fuel or feedstocks in breach of the Feedstock Supply Agreements, Sadara has limited contractual remedies and practical mitigants. In respect of the NFSA, the TFSA and the BFSA, Sadara has the right to limited compensation (including where Saudi Aramco does not supply specified qualities of Naphtha Feedstock to make up for certain failures to supply Ethane Feedstock), but this is subject to various conditions and qualifications, and would in any event be unlikely to fully mitigate the losses Sadara could incur. Moreover, in respect of a failure to supply the full contracted quantities of Ethane Feedstock, Sales Gas or Fuel Oil (for reasons other than for the occurrence of a force majeure event under the relevant Feedstock Supply Agreement and certain other excusing circumstances), Sadara's only material remedy is the right to terminate the relevant Feedstock Supply Agreement, which in any event applies only in extreme cases of non-supply, and these fuels and feedstocks could be difficult or impossible to obtain other than from Saudi Aramco.

In the absence of supply from its suppliers (including Saudi Aramco), Sadara may be required to pay more to obtain some of its feedstock and fuel requirements as referenced above (and in some cases it may be practically impossible to source an alternative supply), which could have a material adverse effect on Sadara's financial condition and results of operations, reducing the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates.

Ethane is one of the principal feedstocks and is of key importance to the economic performance of the Project. The supply/demand balance in The Kingdom has tightened, although this may ease by 2015 depending on: (a) future ethane consumption by future ethylene plants; and (b) ethane production which would be contingent upon future natural gas production, the ethane content of the gas and the timely construction of new ethane extraction facilities. The impact of any ethane shortage would depend on the size of the shortfall. To the extent Sadara can process additional naphtha, Saudi Aramco is under a contractual obligation to provide sufficient Naphtha Feedstock to allow an equal production of olefins as would have been possible from the shortfall in Ethane Feedstock (i.e. 1.75 tons of Naphtha Feedstock per ton of Ethane Feedstock not supplied). Since Sadara's ability to process Naphtha Feedstock is limited, in larger Ethane Feedstock shortfalls, Sadara would not be able to maintain its production of olefins. In both cases, Sadara's production of ethylene and ethylene derivatives would be lower, although its production of propylene, crude C4 and Pygas may be higher. In cases where Sadara's ability to process Naphtha Feedstock limits the ability to offset losses in Ethane Feedstock, limited financial compensation would be owed by Saudi Aramco to Sadara. In neither case would the remedy be sufficient to offset all economic losses of an Ethane Feedstock shortfall, which could have a material adverse effect on Sadara's financial condition and results of operations, reducing the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates.

*Sadara relies upon the timely supply of inputs and services from other suppliers:*

Sadara requires the supply, in a timely manner, of contracted volumes of other inputs and services including but not limited to various industrial gases provided by National Industrial Gases Company and an affiliate of Linde AG, power from SEC, water from Marafiq, catalyst from a variety of proprietary suppliers, butanol pursuant to a joint venture formed with Saudi Acrylic Acid Company and Saudi Kayan Petrochemical Company, and crude hydrogen peroxide pursuant to a joint venture formed with an affiliate of Solvay.

In relation to such other inputs and services required by Sadara, substantially all of the supply obligations will be subject to certain provisions that relieve the supplier from performance, including upon the occurrence of a force majeure event under the relevant supply agreement, without the supplier being subject to monetary damages or other remedies. If a supplier or service provider of material goods or services were to be relieved of its obligation to supply on this basis, or to be in default in its obligation to supply, the business and operations of Sadara may be interrupted. In certain cases, it may not be possible or commercially feasible for Sadara to arrange alternative sources of supply and, accordingly, any such interruption may be prolonged. There can be no assurance that Sadara's suppliers will supply all of the inputs and services required for the Project in accordance with the relevant supply agreements, or that any shortfall or interruption in such supply would not have a materially adverse effect on Sadara's results of operations. The failure to receive the necessary inputs under such contracts could result in a material diminution in Sadara's Operating Revenues which could have a material adverse effect on its financial condition and results of operations, reducing the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates. Further, there can be no assurance that Sadara would be able to replace any or all of the suppliers in a cost-effective and timely manner.

*Risks associated with factors outside Sadara's control may adversely affect Sadara's profitability:*

Sadara's cash flows and profits are largely a function of the difference (or "margin") between the prices at which Sadara sells Products and the prices that Sadara pays for feedstock, services and other inputs (including water, power, butanol, hydrogen peroxide, catalysts and industrial gases), together with Sadara's cash operating costs.

The prices at which Sadara sells Products could fluctuate significantly, depending upon a number of global factors such as international crude oil pricing and the basic supply/demand forces of its Products (see below).

The price that Sadara pays for the relevant feedstock under the EFSA, the FOSA and the SGSA with Saudi Aramco is the price for the relevant feedstock in The Kingdom as established by the relevant Governmental Entity from time to time, which is subject to change (the last such change having occurred in 1998). These prices could be affected by a number of factors unrelated to Sadara and outside of its control, including changes in economic conditions in The Kingdom, the economic policies of the Government, global and / or regional economic conditions and international treaties or other similar commitments to which The Kingdom is or becomes a party (including commitments made by the Government in connection with The Kingdom's membership in the World Trade Organization).

The price that Sadara pays for feedstock under the NFSA, the BFSa and the TFSA are based on market related prices which are subject to the same market forces described above for the price of Sadara's Products.

The prices payable by Sadara for other essential inputs (such as other feedstocks, water, electrical power, butanol, hydrogen peroxide, catalysts and industrial gases) and services are likely to increase from time to time in accordance with the terms of the relevant agreements and, in the case of electrical power, the prevailing rate can be changed according to the directives of the Ministry of Water and Electricity.

Although Sadara's operating costs to be incurred in Dollars are expected to be relatively stable, substantially all of the costs of remunerating Sadara's employees, and certain other onshore operating costs, will be incurred in Saudi Riyals. Accordingly, such costs will be affected by a number of factors, including inflation rates in The Kingdom and the exchange rate between the Dollar and the Saudi Riyal (see "*Risks associated with fluctuations in currency*").

The prices that Sadara is able to achieve for its Products will be affected by a number of factors outside of Sadara's control, including changes in the global and regional supply and demand for each Product, which in turn is affected by a range of factors including global and regional economic conditions, weather conditions, global and regional changes or imbalances in fuel and feedstock availability and petrochemical production capacity, political or other developments and competition from competing companies and projects. Additionally, advances in the technology used for the production of feedstocks or petrochemicals may reduce the competitiveness of Sadara's Product offering.

No assurance can be given that prices will be sustained (for example, as a result of commoditization of those Products which are key to the economic success of the Project or other factors) at levels that will enable Sadara

to operate the Project profitably and avoid a material diminution in Sadara's Operating Revenues, reducing the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates.

*Sadara will be reliant on transport infrastructure and access to port facilities:*

Sadara will be dependent on access to the KFIP and the Jubail Commercial Port and on the local transport infrastructure for transportation of raw materials to the Sadara Complex and Products from the Sadara Complex. Approximately 87% of the Products will be shipped to wider export markets and the remainder to local markets via the transport infrastructure. The supply chain strategy follows a hybrid push pull concept: the Sadara Complex does not provide any storage capacity and all export Products need to be pushed either to the KFIP or the Jubail Commercial Port as soon as they are ready for export.

Sadara currently expects to have an agreement in place with JCSSC, the owner of the terminal facilities to be used by Sadara at the KFIP, to provide tanks and access to the port for the loading of bulk liquid ships with Products and for major raw materials coming into the Sadara Complex. In the event that JCSSC were not able to start up the terminal facilities in time, Sadara would be obliged to export and import significant quantities of liquid materials in ISO containers. This would require Sadara to reduce or suspend delivery of Products and to incur increased costs, due to the lack of availability of the number of ISO containers needed and the cost of such containers.

For solids and packed liquids, Sadara will need access to the Jubail Commercial Port to export containers of Product (approximately 80,000 TEU/year) and import containers of raw materials and supplies. A lack of availability of empty containers in Jubail may occur in the future having an adverse impact on import and export of Sadara's Products and raw materials, and may require Sadara to import empty containers.

At the start of the Project, trucks will be used to move Product and materials between the Project and the ports until railway infrastructure becomes operational, at which point, there will be a phased transition from trucking to rail. In the long-term, Sadara will be relying on yet to be constructed railway infrastructure to connect the Project to the KFIP and the Jubail Commercial Port.

Additionally, Jubail Industrial City I and Jubail Industrial City II together constitute a major petrochemical center and host to a variety of other industries, many of which are major exporters. Existing and future increased needs will increase the pressure on the KFIP to provide land for tanks and berths to load and unload materials, and on Jubail Commercial Port as the container port operator to increase throughput and efficiency of the port operation, and on roads and other transportation networks.

A disruption in Sadara's access to either the KFIP or the Jubail Commercial Port as described above, or delays to or the suspension of the construction or operation of local transport facilities could result in increased costs or a reduction in the quantum of Products going to market or have other adverse logistical effects which could result in a material diminution in Sadara's Operating Revenues, reducing the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates.

*Risks associated with construction and delay:*

Sadara is, as at the date of this Prospectus, engaged in the engineering and construction stages of the Project. The progress of the Project may from time to time be materially adversely affected by one or more factors commonly associated with large industrial projects, including unanticipated shortages of equipment, materials and labor, a failure of performance by any of the EPC contractors or subcontractors working on the Project and an inability to find a replacement, delays in delivery or the availability of essential equipment and materials, labor disputes and labor performance issues, political events, local or political opposition, blockades or embargoes, litigation, adverse weather conditions, increases in costs, natural disasters, accidents, sabotage or insurgency, war, civil unrest, changes in law, environmental or geological problems and other adverse circumstances. In addition, market conditions and dynamics can change rapidly from time to time in The Kingdom and the Gulf region, and Sadara may encounter unanticipated difficulties as a result. No assurance can be given that any increased costs or delays as may be associated with the factors noted above would not materially adversely affect the progress of the Project. In addition, the Project is the largest plastics and chemical production facility to be constructed in the world, at one time, and to achieve this, the engineering, procurement and construction of

the Project has been separated into 49 work packages. The size of the Project and the degree of co-ordination required between the different packages is unprecedented. These factors could give rise to the delays in the completion of the Project.

It is also the case that many of the foregoing factors occurring during construction affect the reliability and performance of the Sadara Complex following completion of construction and, as a result, disrupt production during operations. An extended disruption of all or a material portion of the Project's operations could require Sadara to suspend deliveries of Products and prevent it from earning revenues from the sale of such Products.

There is also the risk that the process units forming the Sadara Complex will, when constructed, fail to meet their specified guaranteed performance levels, for example due to a defect in construction or in the process technologies which the units employ. As with any large project, numerous contractors are employed to complete the engineering and construction and, therefore, there is no overall guarantee from one contractor for the construction of the entire Sadara Complex.

Any delay in construction, performance shortfall or disruption to operating activities, as described above, and including as a result of not obtaining or complying with all material environmental permits, could result in a material diminution in Sadara's Operating Revenues, reducing the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates.

*The construction of the Sadara Project will require the mobilization of a large workforce:*

The significant size of the Sadara Complex means that an appropriately large workforce must be mobilized and coordinated during the construction phase. This includes the construction and maintenance of infrastructure and temporary facilities sufficient to meet the needs of the workforce during the construction phase. Given the size of the Sadara Complex, it is possible that a failure to co-ordinate and manage the interface between the EPC contractors could materially impact the progress of the Project.

At any given stage, there could potentially be difficulty in sourcing sufficient numbers of personnel (including skilled key personnel who are vital for the success of the Project), as the availability of personnel is to be determined by regulatory factors or market factors outside of the control of Sadara, such as the number of other construction projects taking place in The Kingdom or the Middle East Zone or the availability of work visas in The Kingdom. If there is a shortage of available workers then this could potentially increase Project costs and/or cause delays during the construction or operational phase of the Project.

Similarly, shortages of personnel could negatively impact the revenues generated by the Sadara Complex during the operations phase. The Sadara workforce plan includes new hires and experienced professionals from the Sponsors. It will be necessary for Sadara new hires to be trained to operate the process units effectively. The effectiveness of the Sadara workforce during operations will therefore depend upon the availability of experienced personnel and the quality of the training which is provided to new hires.

Sadara's commissioning and start-up will require hundreds of well-trained, skilled personnel available at the right time. A shortage of experienced trainers and / or qualified trainees, high turnover in the Sadara workforce, or unidentified problems that shorten the time available for training could negatively impact the quality of the training programme and the availability of the required skilled personnel by the targeted start-up dates.

The costs of the construction and operation of the Sadara Complex are also affected by the requirements of the Saudization programme which provides for the participation of Saudi Arabian nationals in work sectors in The Kingdom. Whilst each EPCM and EPC contractor is contractually required to comply with The Kingdom's Saudization policy, it is possible that applicable Saudization regulations and requirements may change during the construction phase and / or during the operations phase and the need to meet these requirements may impact on overall Project costs.

These events, either singly or as a whole, could adversely affect Sadara's business and results of operations, leading to a material diminution in the Operating Revenues of Sadara. In turn, this could lead to a material reduction in the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates.



### *Saudization:*

Since 18 June 2011, the Ministry of Labor has begun to implement a new Saudization program known as “Nitaqat”.

The concept is that, based on the percentage of Saudi Arabian employees, businesses are classified as “excellent”, “green”, “yellow” or “red” in descending order of compliance with the pertinent legislation, and that the employer will either receive privileges or be subject to sanctions connected with the employment of expatriate staff depending on the category into which it falls. In general, employers in the “excellent” and “green” categories will find it easy to obtain work permits for expatriate staff, while employers in the “yellow” category may only renew current work permits for expatriate staff without being granted new ones, while employers in the “red” category will not, eventually, be able even to renew existing work permits.

As of 5 February 2013, Sadara has a total of 1027 employees. Approximately 92.61% of Sadara’s employees who are based in The Kingdom were Saudi nationals. The Issuer has no employees as of the date of this Prospectus and it is expected it will have one employee in the future. The current percentage of Saudi employees at Sadara places it in the “excellent” category, meaning it is compliant with the requirements of the *Nitaqat* programme. If Sadara fails to continue to comply with the requirements of the *Nitaqat* programme, it may be categorised as falling within the “yellow” or the “red” categories (depending on the extent of the non-compliance). In the event of such an occurrence, Sadara will be subject to a number of sanctions (again, depending on the extent of the non-compliance), including:

- suspension of Sadara's applications for work visas for expatriate employees;
- suspension of Sadara's applications to transfer sponsorship of an expatriate employee or a potential expatriate employee;
- Sadara's expatriate employees will be prevented from changing their occupation in their work visas;
- Sadara may not open new files for its entities with the Ministry of Labor; and
- Sadara's expatriate employees may have their employment and work visas transferred to companies falling under the "excellent" and "green" categories without Sadara's consent.

The occurrence of all or any of the above events could have a material adverse effect on Sadara’s business prospects, financial condition and results of operations, reducing the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the certificates.

Furthermore, there can be no assurance that Sadara would be able to replace any or all of such adversely affected employees in a cost-effective and timely manner.

### *Sadara’s production of certain Products relies upon a number of units within the Sadara Complex:*

The Sadara Complex is an integrated petrochemicals facility, with a number of interlinking units. This means that the production of certain Products relies upon the operations of more than one unit, and a failure in one unit may mean that the production of more than one Product stream would be interrupted. In addition, Sadara’s entire production operations are located at a single site (namely the Sadara Complex) within the Jubail Industrial City in The Kingdom, and Sadara does not maintain alternative production facilities at the Sadara Complex. If Sadara were to suffer a total or partial loss of its production facilities, Sadara would not be able to shift production to another facility and would be forced to suspend or reduce the manufacture of the Products.

Such circumstances could result in a material diminution in Sadara’s Operating Revenues, reducing the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates.

### *Risks associated with technology licensing:*

The technology licensors with whom Sadara has concluded relevant License Agreements are well-established leading companies which license and / or operate the technologies. See further the section of this Prospectus entitled “*Business Overview – Technology And Licensing*” for a description of the licensors.

These technologies and processes continue to be developed in the petrochemical sector worldwide. A significant development in technology that is not licensed to Sadara could potentially result in the licensed technologies and processes becoming less competitive, thereby adversely impacting the competitiveness of Sadara.

One license granted by Dow to Sadara, the DMC Polyols license, includes a sublicense of technology licensed

to an Affiliate of Dow which is conditioned on the Dow Shareholder owning or controlling at least a 35% equity interest in Sadara. In addition, Sadara's right with respect to Licensor improvements pursuant to the HPPO technology is conditioned on the Dow Shareholder owning or controlling at least a 25% equity interest in Sadara.

In addition, termination of Sadara's rights under a licence agreement due to material breach of a payment obligation, material breach of obligations of confidentiality/restricted use, or unreasonable withholding of the renewal of the EFSA or the NFSA are possible.

The Technical and Environmental Consultant has provided an assessment of technology risk for the process of technologies employed by Sadara. Eight technologies (including TDA, TDI, nitric acid, polyols DMC, HCU, PO, LDPE and PMDI) have been identified as presenting a relatively higher risk based on the more limited existing operating experience of the licensor, the relatively novel nature of the technology utilized or the significant design change associated with a large scale-up at Sadara.

The aggregate liability of a licensor under a Dow Technology Licence Agreement is capped, except, for Dow Technology Licence Agreements and in some other instances in the case of damages caused by the willful misconduct of a licensor or certain related persons. Any liquidated damages for a licensor's failure to meet certain performance guarantees, as well as all payments withheld from the licensor under the relevant Dow Technology Licence Agreement (except for withholding of creditable taxes), will be applied against the aggregate liability cap.

These events, either singly or as a whole, may adversely affect Sadara's business and results of operations, leading to a material diminution in the Operating Revenues of the Sadara. In turn, this could lead to a material reduction in the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates.

#### *Risks associated with related party transactions:*

Sadara is involved in and, in certain circumstances, is dependent upon, numerous related party transactions with (a) Dow, (b) Saudi Aramco, (c) other companies controlled by, or under common control with, Sadara's shareholders and / or (d) joint ventures affiliated with Sadara. Dow, Saudi Aramco (following the commencement of its marketing rights) or their Affiliates will lift and market the Products outside of The Kingdom and the Middle East Zone, with Saudi Aramco performing the role of Feedstock Supplier and Dow group companies providing key technologies and chemical catalysts. Certain joint ventures affiliated with Sadara will supply raw materials necessary for the production of Sadara's Products (for example, butanol and crude hydrogen peroxide). See further the section of this Prospectus entitled "*Certain Relationships and Related Party Transactions*".

There can be no assurance that these arrangements provide, or will provide, terms to Sadara that are substantially similar to those that might have been obtained by it from unaffiliated third parties, or that these arrangements may be replaceable with arrangements with third parties on similar terms, should replacement become necessary. In addition, there can be no assurance that Sadara will pursue any claims under these arrangements as vigorously as it might if such arrangements were with unaffiliated third parties, should it suffer from non-performance by a related party.

There can also be no assurance that Sadara, controlled by its Shareholders, may not take or refrain from taking certain actions, or act in a certain way, in relation to any agreement which it has with a related party, which might not be the case were the agreement to be with an unrelated counterparty.

Accordingly, the degree of Sadara's dependence on numerous related party transactions could in certain circumstances of non-performance result in a material diminution in Sadara's Operating Revenues, reducing the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates.

#### *Risks associated with debt financing arrangements:*

Under the terms of the Finance Documents, Sadara will have the ability to access the funds committed by the



Senior Financing Participants over time to pay Project Costs. However, the terms of the Finance Documents may give the applicable Senior Financing Participant(s) the right to issue a drawstop notice upon the occurrence of certain conditions, including the Debt-to-equity Ratio not being at the required level at any time, or the occurrence and continuance of an Event of Default or a Potential Event of Default having occurred and be continuing.

There can be no assurance that Sadara will be able to raise the funds required for the financing of the Project, or, once raised, continue to have access to such funds under the terms of each of the Finance Documents. This could in turn materially adversely affect the progress of the construction of the Project and the Project's expected growth in revenue and cash flow, and may negatively affect Sadara's financial condition, results of operations and its ability to service its debt, including its obligations to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payments of all amounts due and payable by it under the Certificates.

*Risks associated with Completion Guarantees:*

Given the significant amounts guaranteed by the Completion Guarantors under the Completion Guarantees, there can be no assurance that the Completion Guarantors will either (a) pay all amounts demanded thereunder or (b) make any such payments within the timeframes required by such Completion Guarantees. See the section of this Prospectus entitled "*Summary of the Principal Finance Documents – Completion Guarantees*" for further details of the Completion Guarantees. This could have a material adverse effect on Sadara's financial condition and results of operations, reducing the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates.

*Risks associated with "Split-Closing":*

The Finance Documents contemplate a two-stage closing ("split-closing") whereby the Certificateholders will provide funding to the Issuer prior to the incurrence by Sadara of the Initial Senior Debt (other than the Sukuk Facility) on and from the Second Financial Close. The Issuer confirms that Sadara has not signed any preliminary ECA agreements for execution post issuance of the Certificates. As a consequence of these financing arrangements there is a risk that Sadara may be unable to raise the full amount of Initial Senior Debt required to complete the Project following the Closing Date. In such an eventuality the Certificateholders would be the sole Senior Financing Participants providing funding to the Project which would require the remaining Project Costs to be funded by equity contributions from the Sponsors – there can be no assurance that the Sponsors would fund such additional equity contributions. Notwithstanding that the Certificateholders have the benefit of the Completion Guarantees and a right of mandatory prepayment if the Second Signing Date does not occur within six months of the Closing Date (pursuant to Condition 8.4 (*Termination following an Intercreditor Event*))), as stated in the risk factor above there is a risk that payment would not be made in full under the Completion Guarantees.

The split-closing envisages the possibility that certain Finance Documents (including the GCTA, the Accounts Agreement and the Intercreditor Agreement) entered into on the First Signing Date as part of the incurrence by Sadara of the Sukuk Facility, could be amended and restated on the Second Signing Date in order to reflect the terms subsequently agreed between Sadara and the Initial Senior Creditors (other than the Initial Sukuk Participant). Any such amendment and restatement of the Finance Documents would not require the affirmative consent of the Certificateholders at that time and would yet operate to bind the Certificateholders without them being given the opportunity to review the proposed amendments to the Finance Documents as so long as Sadara and the Issuer issue a Sukuk Consent Matters and Undertakings Certificate to the Certificateholders' Agent in accordance with the Sukuk Split Closing Undertaking Agreement by not later than 7 days prior to the Second Signing Date confirming that the proposed amendment to, or restatement of, the relevant Finance Documents on the Second Signing Date will not fall within the scope of any Sukuk Consent Matter. There is a risk that, whilst Sadara and the Issuer certify that the proposed amendment to, or restatement of, the relevant Finance Documents on the Second Signing Date will not fall within the scope of any Sukuk Consent Matter, the Finance Documents (as amended and restated) might adversely affect the rights of Certificateholders as a result of an amendment to a Certificateholder right or interest which is not maintained by any of the Sukuk Undertakings or is outside the scope of the Sukuk Consent Matters.

*Risks associated with production and operations, including accidents and damage or harm to people or the environment arising from the production, storage and transportation of hazardous and highly combustible materials:*

Sadara's production operations are located at a single site within Jubail Industrial City II in The Kingdom and comprise, or will comprise, the processing and storage of fuel and feedstock in connection with the production of the Products. Fuel, feedstock and the Products to be produced by Sadara, are by their nature hazardous materials that are highly combustible. The nature of Sadara's future production operations exposes it to heightened risks from accidents involving explosions and fire. Sadara's operations are also subject to operational risks common in the petrochemical industry, such as interruptions to power supplies, technical failures and industrial accidents.

Such risks and hazards could result in damage or harm to, destruction or death (as the case may be) of, properties, production facilities, people and / or the environment. In addition, if a spill or other contamination resulting from Sadara's production, storage, export, shipment or sale of the Products occurs, Sadara could be exposed to significant environmental liabilities. Third party claims and governmental actions could be brought against Sadara even if the spill or contamination was caused by or attributable to a third party, or a party acting on Sadara's behalf as its agent, or a supplier or transporter of products for use by Sadara, whether or not it occurs at the Sadara Complex. In addition, these risks, hazards or events could significantly damage Sadara's reputation, which could materially adversely impact its ability to conduct its business. Any or all of these risks, hazards or events, as well as the possible legal liability of Sadara arising therefrom, could have a material adverse effect on Sadara's financial condition and results of operations.

Although Sadara maintains and will maintain insurance against certain risks and losses, not all operating risks are insurable (as to which see further the risk factor below entitled "*Risks associated with insurance*") and the occurrence of any such event that affects operations and is not fully covered by insurance could have a material adverse effect on Sadara's financial condition, operations and results of operations. Furthermore, to the extent that SIDF participates in the financing of the Project, and as a condition of such participation, SIDF will require that no loss payee other than itself be named on the Project's insurance policies. Thus, any claim that the Issuer (and the other Senior Financing Participants) may have will be a residual claim for the proceeds not taken by SIDF.

As a result, the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates, could be materially reduced.

Moreover, Sadara's failure to respond adequately to any Material Environmental Incident could potentially cause it to default on certain portions of its financing, which could result in acceleration of the amounts Sadara owes to its lenders or which could have a material adverse effect on its ability to maintain such financing or obtain additional financing.

*Significant compliance obligations under applicable environmental, health and safety laws and regulations and corporate social responsibility and sustainability standards:*

Sadara is subject to, and must comply with, various environmental, health and safety laws and regulations that impose substantial operational compliance and remediation obligations. Operational compliance obligations can result in significant costs to install and maintain pollution controls, as well as fines and penalties or the potential partial or total shutdown of operations for any failure to comply. These costs could be significant and any limitations imposed on Sadara's ability to operate could result in a significant loss of revenues.

Environmental remediation obligations can result in significant costs associated with the investigation and clean-up of contaminated land, ecosystems or water bodies, as well as claims for damage to property. In addition, Sadara could face claims of death or injury to persons resulting from exposure to hazardous materials or of adverse impacts on natural resources resulting from its operations (including potentially from the transportation of hazardous substances or shipping of Products, raw materials or chemical pollution).

It is not possible for Sadara to provide an exact estimate of the amount and the timing of all future expenditures related to environmental matters because of:

- (a) the potential for periodic discovery of new environmental conditions or additional information about existing conditions;

- (b) inherent uncertainties in estimating pollution control and clean-up costs;
- (c) the inherent uncertainty in quantifying liability under environmental laws that impose liability without fault on potentially responsible parties; and
- (d) the evolving nature of environmental laws and regulations and their interpretation and enforcement.

During the construction period, Sadara will have limited insurance protection for environmental losses, as more particularly described in the section of this Prospectus entitled “*Business Overview – Insurance*”. Moreover, because of these uncertainties, any provisions established by Sadara to account for environmental liabilities may ultimately be less than the actual amount of liabilities.

In addition to EHS laws and regulations, Sadara is obliged to comply with international standards on social responsibility and environmental sustainability, such as those established by the International Finance Corporation. These standards concern, among other things, the preservation and welfare of natural resources, habitats and local communities and populations, and minimizing any adverse impact Sadara’s operations may have on these media. These standards are becoming increasingly stringent and extensive over time, and adherence to them is increasingly scrutinized by regulatory authorities, citizens groups and environmental groups, as well as by investors and financial institutions. Sadara’s failure to adhere to these standards could result in damage to its reputation, claims against it, or its inability to obtain the regulatory approvals or financing required for its operations. In addition, the costs and management time required to comply with these standards are expected to increase over time.

Sadara’s operations at the Sadara Complex will result in the emission of greenhouse gases, such as carbon dioxide, methane and oxides of nitrogen, which are generally considered a source of concern in connection with global warming and climate change. A number of legislative and regulatory measures to address greenhouse gas emissions are in various stages of discussion or implementation, including the Kyoto Protocol of the UN Framework Convention on Climate Change, the prevailing international agreement on reducing emissions of greenhouse gases, to which The Kingdom is a signatory. Ongoing discussions related to or arising from the continuation of the Kyoto Protocol may lead to other future treaty obligations assumed by The Kingdom or similar or other steps being taken by the Government to address greenhouse gas emissions. These measures could result in increased costs (including a potential tax on emissions or other regulatory regimes) for Sadara to, among other things:

- (a) operate and maintain the Sadara Complex;
- (b) install new emission controls at the Sadara Complex;
- (c) administer and manage a greenhouse gas emissions programme; and
- (d) export Product in accordance with international standards.

In addition, these and other potential regulatory measures could reduce demand for the Products in the markets where Sadara or the Marketer will sell or distribute the Products or impact on the use of the Products by Sadara’s customers, thereby affecting Sadara’s operations. As a result of any of the foregoing risks, the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates, could be materially reduced.

#### *Risks associated with insurance:*

The development, construction and operation of the Project will involve numerous risks, as more particularly described throughout this Prospectus. On and from the Project Completion Date, Sadara is required under the Finance Documents to maintain insurance against those risks, and in such amounts, as are usually insured against by skilled and experienced owners or operators in the refining and petrochemical industry sector in the Middle East under the same or similar conditions and where such insurance is obtainable on commercially reasonable terms, other than sabotage and similar insurance (which will not be obtained), as more particularly described in the section of this Prospectus entitled “*Business Overview – Insurance*”.

Prior to the Project Completion Date, during the construction phase of the Project, Sadara will maintain construction “all risks” and Third Party Liability Insurance, and will not be required to share the proceeds of any claim thereunder with the Senior Financing Participants. The insurance arrangements relating to the pre-completion period are as more particularly described in the section of this Prospectus entitled “*Business Overview – Insurance*”. The construction contractors will also be required to maintain certain insurances, as more particularly described in the section of this Prospectus entitled “*Business Overview – Insurance*”.

Both prior to and following the Project Completion Date, Sadara's insurances will not cover all risks to which Sadara or its business and assets (including the Project) will be exposed. If an event occurs for which insurance is held by Sadara, such insurance might not adequately compensate Sadara for the actual losses suffered by it. In particular, even if a loss of or damage to equipment or other assets is insured, the location of the Sadara Complex, the large size and unique nature of some of the equipment used in the Project, and the extended period often needed to manufacture replacement units, could give rise to significant delays in replacement and could impede Sadara's operations.

The terms and limits of Sadara's current and anticipated insurance policies are further described in the section of this Prospectus entitled "*Business Overview – Insurance*". There can be no assurance that Sadara's insurance policies, once obtained, will continue to be available from acceptable insurers, on commercially reasonable terms. In addition, to the extent that SIDF participates in the financing of the Project, as part of the SIDF security package, Sadara will assign to SIDF its right to receive all Insurance Proceeds under certain of Sadara's insurance policies, and SIDF may also take an assignment of any proceeds of any reinsurance policies that are obtained in respect of Sadara's material insurance contracts. The Onshore Security Agent will have only a right to the residual proceeds of any insurance payments that remain after the enforcement of the SIDF security package, for distribution to the other Senior Financing Participants (including the Sukuk Participant).

The occurrence of an event for which Sadara is not insured (such as sabotage or breach of public security), the future insolvency of one or more of Sadara's insurance carriers, recoveries under any insurance policy which are inadequate to meet the cost of reconstruction or replacement of damaged or destroyed assets, delays in construction or production resulting from an event (whether or not insured for) and / or a limitation on the disbursement of Insurance Proceeds in prepayment of the Senior Financing Participants' debt as a result of SIDF's priority security right (once the SIDF Facility, if any, is entered into), could all materially reduce the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates.

*Risks associated with breach of public security or sabotage:*

Sadara will employ a sophisticated system of physical security measures to protect its employees, operations and assets. A security breach could lead to significant damage to Sadara's assets or result in injury or loss of life to its personnel. Some or all of the costs associated with any such breach and the resulting losses may be uninsured, and in particular Sadara does not and is not required to maintain any sabotage and similar insurance (as to which see further the risk factor above entitled "*Risks associated with insurance*"). The occurrence of any significant and public security breach could result in: (a) the inability of Sadara to produce Products or disruptions in its supply chain and distribution of its Products; and / or (b) a general loss of business confidence, which could potentially lead to an economic recession and reduced demand for chemical and plastic products, leading to a material adverse effect on Sadara's financial condition and results of operations. Any such material adverse effect on Sadara's financial condition and results of its operations could materially reduce the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates.

*Risks associated with the location of the Project:*

The Project is located in a strategically significant region that has historically experienced instability that, if repeated, may have a material adverse effect on The Kingdom, international trade and, consequently, the Project. Sadara's revenues will rely heavily on the ability of the Marketer's vessels to transport the Products through international waterways. Any significant disruption to maritime shipping may have a material adverse effect on the Marketer's ability to transport the Products and could, therefore, materially reduce the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates.

*Risks associated with fluctuations in currency:*

The Saudi Riyal is, as at the date of this Prospectus, "pegged" to the Dollar (at an exchange rate of SAR3.75 to USD 1.00) in accordance with the Government's current monetary policy. Although neither the Government

nor SAMA has given any official indication of a change in this policy, there can be no assurance that the exchange rate will remain fixed. A portion of Sadara's capital expenditures and a portion of its operating expenses will be denominated in Saudi Riyals, while a significant portion of its revenues and long-term liabilities (other than the Sukuk Facility, the other Islamic Facilities, the SAR Commercial Facility, the Saudi Riyal component of the K-Exim Covered Facilities and the K-sure Covered Facilities and the SIDF Facilities (to the extent SIDF participates in the financing of the Project)) will be denominated in Dollars. Sadara is not required to maintain a hedging programme for currency risk (other than in circumstances where the aggregate principal amount of Senior Debt in Saudi Riyals exceeds the Saudi Riyal equivalent of USD 6 billion and capital markets financings in currencies other than Dollars or Saudi Riyal). Accordingly, if the exchange rate was allowed to fluctuate freely and if the Saudi Riyal was to increase in value against the Dollar, the amount of the Sadara's Riyal-denominated expenses would increase in Dollar terms, accounting for a greater proportion of its Dollar-denominated revenues.

Through the Dow Product Marketing and Lifting Agreements, Sadara will have revenues denominated in currencies other than the Dollar and Saudi Riyal. As Sadara is not required to maintain any hedging programme (other than as set out above), fluctuations in currency exchange rates may adversely affect the value of those sales and subsequently the net income and cash flow generated from those sales which could have a material adverse effect on its financial condition and results of operations, reducing the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents.

Each of these risks could have a material impact on Sadara's financial position and the results of its operations, leading to a material diminution in the Operating Revenues of Sadara. In turn, this could lead to a material reduction in the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates.

#### *Risks associated with fluctuations in commission rates:*

During construction, the Sadara Complex will be funded with funds drawn from a variety of sources, some of which will utilize floating commission rates. As construction progresses, the amounts drawn on the available facilities will grow and the Project Costs will vary as a result of changes in short-term rates used as a base rate for those financings. As Sadara is not required to maintain a commission rate hedging programme, fluctuations in commission rates may adversely affect the cost of financing the debt incurred, having a material adverse effect on the financial condition of Sadara. Any such material adverse effect could materially reduce the funds available to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates.

Sadara is, subject to certain conditions, permitted to raise additional indebtedness. The commission rate of those future borrowings is undetermined and will be driven by market conditions at that time. As Sadara is not required to maintain a commission rate hedging programme, fluctuations in commission rates may adversely affect the cost of financing the debt and the cost of that financing may have a material adverse effect on the financial condition of Sadara. Any such material adverse effect could materially reduce the funds available to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates.

#### *Risks associated with fluctuations in commodity prices:*

Sadara will require certain precious metals and commodities to operate the plants and produce Product. The cost of procuring those materials is uncertain. Availability of those materials, or acceptable substitutes, is beyond Sadara's control. As Sadara is not required to maintain a commodity hedging programme, fluctuations in precious metals prices may adversely affect the project construction cost and may have a material adverse effect on the financial condition of Sadara. Any such material adverse effect could materially reduce the funds available to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents, the fulfillment of which the Issuer relies upon to make payment of all amounts due and payable by it under the Certificates.



*Certain breaches by the shareholders could lead to a Dow exit from the Project, including termination of certain Dow TLAs:*

Pursuant to the provisions of the Shareholders' Agreement, there are certain circumstances under which Dow may exit from the Project.

If an event of default occurs where the Dow Shareholder is deemed to be in default and various conditions of the Shareholders' Agreement have been satisfied, the other Shareholder(s) (following a discussion and valuation period) may require the Dow Shareholder to sell its shares to them. Following the exercise of this mechanism, Sadara has the right to terminate any Dow PMLA.

If an event of default occurs where the Saudi Aramco Shareholder is deemed to be in default and various conditions of the Shareholders' Agreement have been satisfied, the Dow Shareholder (following a discussion and valuation period) may require the Saudi Aramco Shareholder to purchase its shares. Following the exercise of this mechanism (and a period of good faith discussions) Dow has the right to terminate various contracts, including the Dow PMLAs, Dow Technical Services Agreements, and certain non-proprietary Dow CSAs, and Sadara's rights to improvements to Dow's licensed technology under the Dow TLAs that have not yet been commercialized (and certain other rights under the Dow TLAs) will terminate automatically.

An exit by the Dow Shareholder could adversely impact Sadara because Dow's presence as an equity stakeholder provides important strategic benefits to Sadara, including the global petrochemicals market and supply chain know-how that Dow brings to the board of directors of Sadara. Further, the termination of relevant agreements and rights (as described above) could materially impact Sadara's operations, which in turn could have a material impact on Sadara's financial condition. As a result, funds available to repay all amounts outstanding under the Facilities (including the Sukuk Facility) may be materially reduced, reducing the funds available to the Issuer to make payment under the Certificates.

## **(B) RISKS RELATED TO THE SUKUK TRANSACTION DOCUMENTS AND THE CERTIFICATES**

*The enforceability of a unilateral promise or a covenant to act in a certain way (such as is granted by Sadara in the Costs Undertaking) is open to question in The Kingdom:*

A unilateral promise or a covenant to act in a certain way (other than a unilateral undertaking or covenant to irrevocably and unconditionally repay a principal amount borrowed, including through an issue of instruments such as the Certificates) may not create an obligation which would be enforceable before the courts and judicial committees of The Kingdom.

In connection with the issuance of the Certificates, Sadara has granted a Costs Undertaking to the Issuer, in which it agrees to pay to the Issuer, or on its behalf, certain costs and expenses of the Issuer including in relation to various service providers and other third parties. Unless the relevant court or judicial committee in The Kingdom take the view that the obligations contained in the Costs Undertaking are binding on Sadara by virtue of the fact that the Issuer has acted to its detriment in reliance upon it, there is a risk that the Costs Undertaking would not be enforceable before a relevant court or judicial committee in The Kingdom. Were this to be the case, the Issuer would be forced to apply monies available to meet the payment of its obligations under the Certificates to meet the costs and expenses due from it to the various service providers, third parties and other entities, reducing the amount of funds available to it to make payments to Certificateholders.

*The enforceability of a provision of the Sukuk Transaction Documents (including the Certificates) in respect of non-deductibility of taxes may be questionable:*

Any provision of the Sukuk Transaction Documents (including the Certificates) in respect of indemnification, reimbursement, increased costs or non-deductibility of taxes, to the extent that such a provision is interpreted by a relevant court or judicial committee in The Kingdom to be an attempt to recover amounts which are not actually incurred as a direct result of the default of the party against whom the claim is being made, may not be enforceable.

Prospective Certificateholders should note in this regard in particular that the Sukuk Transaction Documents (including the Certificates) contain provisions in which Sadara, or in the case of the Certificates the Issuer, agree to make additional payments to the intended recipient in the event of the deduction or withholding,

required by Applicable Law, of certain taxes in certain circumstances so that the intended recipient receives the full amount due to it.

Were Sadara or the Issuer to refuse to comply with their obligations under these provisions, and were a court or judicial committee in The Kingdom to consider them unenforceable, then there is a risk that Certificateholders could receive less than they are owed under the Certificates.

*The enforceability of the Additional Early Payment Amount is open to question in The Kingdom:*

Islamic law as applied in The Kingdom encourages the repayment of debt. Therefore any contribution or prepayment penalties (howsoever described) levied upon the early repayment of a debt (such as, in the case of the Certificates, the Additional Early Payment Amount as defined therein, or the corresponding payment thereof to the Issuer by Sadara under the Sukuk Transaction Documents) are at risk of being considered unenforceable by a court or judicial committee in The Kingdom. Accordingly, were the Issuer to refuse to pay the Additional Early Payment Amount to the Certificateholders, and were a court or judicial committee in The Kingdom to consider the payment of such amount unenforceable, then there is a risk that Certificateholders would not receive such an amount on an early redemption in full of the Certificates under Condition 8.3 (*Early Termination at the Option of the Issuer*).

*There is a risk that the Forward Lease Agreement could be unenforceable if it is held to constitute two transactions in one agreement which concern the same asset, right, or service:*

Under Saudi Arabian law, some scholars or schools of jurisprudence consider that there cannot be two transactions in one agreement which concern the same asset, right, or service, although others only take this view where the two transactions are contradictory in nature.

Therefore, there is a risk that the Forward Lease Agreement, which is documented as a 'lease to own' the Lease Assets, may not be enforceable if a court or judicial committee in The Kingdom were to take the first of these two views.

If this were to be the case, the Issuer would be unable to enforce the payment to it of amounts due from Sadara under the Forward Lease Agreement, leaving the Issuer with insufficient funds to make payment of amounts due from it under the Certificates.

*There is a risk that the Musharaka could dissolve:*

A Saudi court or judicial committee may consider the Musharaka void or not to exist because either:

- (a) under the Saudi Arabian Companies Law a company or entity which is neither formed in accordance with the Saudi Arabian Companies Law nor a company or entity "known in Islamic jurisprudence" shall be considered void. There is no Saudi Arabian court or judicial committee approved definition of 'musharaka', and therefore if a court or judicial committee in The Kingdom found that the Musharaka was not of a type "known in Islamic jurisprudence" the Musharaka would not be considered to be a legal entity under Saudi Arabian law; or
- (b) one of the Partners withdraws its contribution from the Musharaka. There is a risk that the re-transfer of Sadara's in-kind capital contribution from the Musharaka, which may be effected at any time on and from the date of the Musharaka Agreement, could be considered by a court or judicial committee in The Kingdom to be a withdrawal by Sadara of its contribution from the Musharaka, as opposed to a bilateral transaction entered into by the Managing Partner pursuant to its authority to do so under the Musharaka Agreement.

In either case, there is a risk that such a dissolution could render void the agreements entered into on behalf of the Musharaka (including the Forward Lease Agreement, the Procurement Agreement and the Service Agency Agreement), although it is more likely that they would remain enforceable severally and jointly, in accordance with their terms, as against the Partners in the Musharaka. If this were the case, it is possible that, by being enforceable jointly and severally against the Issuer and Sadara as the Partners, the Issuer could incur liabilities which it did not expect to incur. This could lead to the Issuer having insufficient funds to make payments of amounts due from it under the Certificates.

Assuming that this second view prevailed in the event of any dissolution of the Musharaka, it is likely that such a dissolution would lead to the Musharaka Assets being considered by a Saudi court or judicial committee to



be owned by the Partners in accordance with their capital contributions to the Musharaka (assessed as at the date of dissolution, following any withdrawal of such contributions, so that if the reason for the dissolution were to be a withdrawal of contribution, the Musharaka Assets could be considered to be owned entirely by the Issuer). Whilst the payment obligations under the Forward Lease Agreement, the Procurement Agreement and the Service Agency Agreement would not, as a result, necessarily be rendered unenforceable, there is a risk that a court or judicial committee in The Kingdom would consider that the payments should be due to each Partner in proportion to its ownership interest in the Musharaka Assets (in proportion to their respective Musharaka capital contributions assessed as at the date of dissolution, following any withdrawal of such contributions). Therefore, if the reason for the dissolution were not the withdrawal of a contribution, but a ruling that the Musharaka was not a recognized entity under Saudi Arabian law, there is a risk that the court or judicial committee in The Kingdom could order that the payments due to the Issuer under the Sukuk Transaction Documents should be shared with Sadara as the other Partner, in proportion to their ownership of the Musharaka Assets. If this were to be the case, and depending on the assessment by a court or judicial committee of the relative ownership interests of the Partners in the Musharaka Assets at the time, it is possible that the Issuer would have insufficient funds from Sadara to make payment of the amounts due from it under the Certificates. Alternatively, it is possible that a court or judicial committee in The Kingdom would consider that, notwithstanding the ownership of the Musharaka Assets being in proportion between the Partners as described above, since the Lease Assets represent the Issuer's entitlement and interest in and to the Project Assets only, that all such sums should continue to be due to the Issuer in accordance with the terms of the agreements. There can, however, be no assurance that this view would prevail.

Furthermore, if the Musharaka is dissolved or found not to constitute a legal entity, a court or judicial committee in The Kingdom may determine that the Certificateholders' interest in the Musharaka is converted into a debt claim in the Lease Assets. Under Saudi Arabian law, the transfer or sale of debt is generally not permissible, and therefore a determination of this nature by a court or judicial committee in The Kingdom would be likely to render the Certificates as not tradeable in compliance with *Shari'a* principles (although some scholars do recognize such transfers or sale when made at par). In addition in this regard, prospective Certificateholders should note that it is estimated that the Project Assets are approximately 7.5% completed as at the date of this Prospectus, and also that, in practice, the Certificates are likely to remain tradeable in such circumstances on Tadawul

*There is a risk that a court or judicial committee in The Kingdom may not uphold the payment obligations of Sadara to the Issuer under the Sukuk Transaction Documents as being enforceable, if Sadara refuses to pay them. The Issuer depends upon these payments as its sole revenue stream to allow it to make payment of the amounts owed by it under the Certificates:*

The payment obligations of Sadara under the Sukuk Transaction Documents, and in particular the Forward Lease Agreement, the Procurement Agreement, the Service Agency Agreement and the Costs Undertaking, constitute the Issuer's only source of income. If Sadara refuses to honor these payment obligations, or challenges any of its payment obligations to the Issuer as being unenforceable, the Issuer will have insufficient funds available to it to make payment of amounts due under the Certificates.

There are a number of circumstances in which Sadara might successfully argue that some or all of its payment obligations to the Issuer under the Sukuk Transaction Documents are not enforceable against it. The most significant of these circumstances are further described in this section of this Prospectus, but these are not the only grounds upon which Sadara might seek to base such a claim, which could be made on grounds of general principles of Saudi Arabian law or public policy, and / or by reference to specific features of the structure of the Sukuk Transaction Documents and the transactions contemplated under them. There can be no assurance as to whether such a claim would be successful or not. Even if Sadara is unsuccessful in making such a challenge, the time taken to defeat such a claim could result in significant delays in the payment of amounts due to Certificateholders.

Prospective Certificateholders should note that, prior to the Project Completion Date, the payment obligations of Sadara to the Issuer under the Sukuk Transaction Documents are guaranteed by the Completion Guarantors under the Completion Guarantees, and that the indemnity of the Completion Guarantors contained therein is expressly stated to bind them, whether or not the obligations of Sadara under the underlying agreements are illegal or unenforceable. In addition, Sadara has given a separate undertaking to make payment of all amounts due from it to the Issuer or any other party, in any capacity, under the Sukuk Transaction Documents in accordance with their terms, under clause 42 (*Sukuk Facility Documents*) of the GCTA as if the same were set out in full in that agreement, which is governed by English law and subject to the jurisdiction of the English

courts. Prospective Certificateholders should note however in this regard the limitations surrounding the enforcement of judgments of an English court in The Kingdom, discussed in the risk factor entitled “*Investors may experience difficulties in enforcing arbitration awards and foreign judgments in The Kingdom*”.

Finally, prospective Certificateholders should note that a Saudi court or judicial committee might choose to prevent Sadara from being ‘unjustly enriched’ as a result of arguing that one or more of its obligations is not enforceable as described above, so that, for example, it is unable to avoid repaying the principal amount of its liabilities to the Issuer. There can be no assurance of this, however.

*Prospective Certificateholders should note that they do not have physical entitlement to the Project Assets or title to the other Musharaka Assets, such as the contributions by the Partners (including the in-kind capital contribution by Sadara of its rights, benefits and entitlements in and to and under the Industrial Land Lease Contract):*

The holding of Certificates does not entitle Certificateholders to physical possession of the Project Assets or title to the other Musharaka Assets, such as the contributions by the Partners (including the in-kind capital contribution by Sadara of its rights, benefits and entitlements in and to and under the Industrial Land Lease Contract). Each Certificate represents the interest of each Certificateholder in the Sukuk Assets, which are defined in the section of this Prospectus entitled “*Terms and Conditions of the Certificates – Condition 4.1 (Sukuk Assets)*” and include all of the Issuer’s rights, title, interest and benefit, present and future, in, to and under the Transaction Documents to which it is a party or under which it is a beneficiary or otherwise has any such rights, title, interest and benefit, but does not include physical possession of the Project Assets or title to the other Musharaka Assets. Each Certificate entitles the holder to receive periodic distributions from the Issuer of the amounts stated to be payable by it under the terms and conditions of the Certificates (as set out in this Prospectus).

In particular, prospective Certificateholders should note that, as further described under the risk factor entitled “*Security granted by Sadara for the Senior Debt (including the Sukuk Facility) is limited, and its enforceability is subject to some uncertainty*”, Sadara’s physical assets are not secured for the benefit of the Senior Financing Participants (including the Issuer) and therefore not included as part of the Secured Property as at the date of this Prospectus, and that SIDF, from the date (if applicable) upon which it accedes to Sadara’s financing arrangements as a Senior Financing Participant, will be granted a first-priority mortgage over the Sadara Complex and all other physical assets relating to the Project, including the Project Assets and the Certificateholders will be dependent (through the Issuer in its capacity as a Senior Financing Participant) on SIDF’s agreement to turn over residual proceeds following the enforcement of the relevant security interests held by it over the physical assets of Sadara pursuant to the SIDF Security Interest Assignment Agreement.

The security interests created under the Issuer Security Documents are as described in this section below under “*Security for the Certificateholders consists mainly of security over contractual rights of the Issuer pursuant to the Issuer Security Documents. Certificateholders are not directly secured by the security granted by Sadara to the Offshore Security Trustee and Agent and the Onshore Security Agent*”. If enforced, they will entitle Certificateholders, *inter alia*, to the benefit of the contractual rights which the Issuer has to receive payment from Sadara of various amounts under the Sukuk Transaction Documents. They will not entitle the Certificateholders to possession of, or a right of sale or lease of, the Project Assets or the other Musharaka Assets.

*There is a risk that the issuance of the Certificates by the Issuer could be ultra vires:*

The Saudi Arabian Companies Law does not expressly contemplate the issuance of securities of a similar nature to the Certificates by a Saudi Arabian joint stock company (such as the Issuer). However, Certificateholders should note the following:

- (a) the Saudi Arabian Companies Law does not contain any provisions which expressly prohibit a Saudi Arabian joint stock company from issuing securities of a similar nature to the Certificates;
- (b) the Certificates represent the interest of each Certificateholder in the Sukuk Assets, and the Saudi Arabian Companies Law does not prohibit a Saudi Arabian company from transferring any of its rights and / or obligations under any contract to which it is a party;
- (c) the bylaws of the Issuer specifically authorize the Issuer to issue debt instruments, including bonds and sukuk; and

- (d) the offer and issuance of the Certificates has been approved by the Authority, which regulates the offer and issue of securities in The Kingdom.

However, no securities of a similar nature to the Certificates have previously been the subject of adjudicatory interpretation or enforcement in The Kingdom. Accordingly, it is uncertain exactly how and to what extent the Certificates may be considered by a Saudi Arabian court or the Committee to have been duly authorized by the Issuer.

*Delivery of the Project Assets under the Procurement Agreement is not a condition to the Project Completion Date, upon which date the Completion Guarantees will terminate:*

It is possible that the Project Completion Date could occur without Sadara having constructed all of the Project Assets that are the subject of the procurement obligations under the Procurement Agreement. This notwithstanding, on the Project Completion Date the Completion Guarantees will terminate, and any payments made or due to be made thereafter by Sadara under the Sukuk Transaction Documents will cease to benefit from its terms.

In the circumstance in which Sadara has not constructed all of the Project Assets, such failure would lead to a non-delivery under the Procurement Agreement, causing: (i) payments of Delayed Delivery Compensation being due from Sadara on a periodic basis if such non-delivery continues after the date specified as the Target Completion Date; and (ii) if the Procurement Agreement is terminated before the delivery of the Project Assets, the payment of the Issuer Procurement Termination Sum (to fund the redemption of the Certificates) to occur as a result. The enforceability of an obligation to pay Delayed Delivery Compensation and the Issuer Procurement Termination Sum in The Kingdom is questionable if construed by a court or other adjudicatory body in The Kingdom as a 'penalty' instead of a genuine estimate of losses incurred, and such obligations would, in the circumstances described in this risk factor, no longer benefit from the support provided by the Completion Guarantees with effect from the Project Completion Date.

In addition, in such a circumstance the ability of the Certificateholders to call for an Enforcement Action by the requisite majority of the Senior Creditors in the event of a non-payment of these amounts by Sadara would be limited, as further described under the risk factor below entitled "*The Certificates represent a small proportion of Sadara's overall Senior Debt. Intercreditor decisions are generally taken on a proportionate basis and the Issuer, directed by the Certificateholders' Agent acting on instructions from Certificateholders, may have limited ability to influence the outcome of intercreditor decisions*".

*Security for the Certificateholders consists mainly of security over contractual rights of the Issuer pursuant to the Issuer Security Documents. Certificateholders are not directly secured by the security granted by Sadara to the Offshore Security Trustee and Agent and the Onshore Security Agent:*

The obligations of the Issuer *inter alia* to make payments under the Certificates are secured in favor of the Issuer Security Agents on behalf of the Certificateholders and the other Issuer Secured Parties, pursuant to the Issuer Security Documents.

The security interests created under the Issuer Security Documents are more particularly described in the section of this Prospectus entitled "*Summary of the Sukuk Transaction Documents – Issuer Security Documents*". They consist mainly of an assignment by way of security, under the laws of The Kingdom or English law, as appropriate, of the Issuer's rights as a Senior Financing Participant and Secured Party under the Sukuk Transaction Documents, the GCTA, the Intercreditor Agreement, the Security Documents and the other Finance Documents to which it is a party or under which it has rights.

The security interests created under the Issuer Security Documents are enforceable in the manner and subject to the conditions more particularly described in the section of this Prospectus entitled "*Summary of the Sukuk Transaction Documents – Issuer Security Documents*".

If enforced, the security interests created under the Issuer Security Documents are intended to enable the Issuer Security Agents to direct the Issuer in the exercise of its contractual rights so secured, or, alternatively, to exercise those rights as assignee and duly authorized attorney, subject (where necessary) to receiving instructions from Certificateholders or the Certificateholders' Agent on behalf of the Certificateholders. It should be noted that the Certificateholders are not direct beneficiaries of the security interests granted by Sadara under the Saudi Arabian law governed Security Documents; they benefit from such security interests indirectly through the grant of security by the Issuer under the Issuer Security Documents to the Issuer Security Agents.

In relation to the security interests constituted by the Issuer Security Documents, prospective Certificateholders should note the following:

- (a) an assignment will be enforceable against a third party if it is notified to and acknowledged by such third party in accordance with the terms thereof, and notices of assignment have been or will be served on the counterparties to the agreements over which the Issuer has granted security pursuant to the Issuer Security Documents. However, prospective Certificateholders should note that the enforceability of an assignment purportedly by way of security (such as that granted by the Issuer pursuant to the Issuer Security Documents) remains untested before the courts of The Kingdom. If a court or judicial committee in The Kingdom were to consider that such an assignment were not to be enforceable, Certificateholders could find it more difficult to recover the amounts owed to them under the Certificates;
- (b) under the Issuer Security Documents, the Issuer has granted a pledge over the Transaction Account and amounts standing to the credit thereof, in favor of the Onshore Issuer Security Agent for the benefit of, inter alios, the Certificateholders (together with an assignment of its rights in respect of the Transaction Account and the balances credited to it). To create a pledge, the pledgee must establish physical possession or control over the pledged item(s) and the pledgor should have no right to dispose of or otherwise control the pledged item(s). In addition, items which are the subject of a pledge must be capable of being sold. Since the pledge purported to be created over the Transaction Account remains untested in a Saudi Arabian court, it remains uncertain whether or not a court or judicial committee in The Kingdom would consider the Onshore Issuer Security Agent as having sufficient possession or control over the account to create a valid pledge, or would consider that a valid pledge has been created over assets that are capable of being sold as a matter of the laws of The Kingdom;
- (c) under Islamic law as applied in The Kingdom, security interests cannot be enforced on the grounds of a failure by the debtor to pay interest or a sum in the nature of interest (howsoever described). Therefore, should a court in The Kingdom consider that any amount payable by the Issuer under the Certificates constituted a payment of interest, there is a risk that the security interests constituted by the Issuer Security Documents might be ineffective in respect of any non-payment thereof by the Issuer;
- (d) the granting of any security interest will only secure the amount of total debt available under the terms of the relevant agreement creating the obligation purported to be secured as at the date the relevant security is granted. Therefore, were the indebtedness under the Certificates to be increased at any time after the date of this Prospectus, it would be likely to be necessary to take additional security in relation to the excess amount, and there can be no assurance that the Issuer would abide by its obligation to do this or that unencumbered assets would be available for such purpose; and
- (e) a feature of the security interests granted under the Issuer Security Documents is that the Issuer Security Agents are granted powers of attorney by the Issuer in connection therewith. This enables the Issuer Security Agents to take any actions necessary to protect, preserve or perfect the security interests, as duly authorized attorney of the Issuer. However, under the laws and regulations of The Kingdom, an appointment (whether or not expressed to be irrevocable) of a third party as an attorney-in-fact, a proxy or an agent with authority to act on behalf of or in the name of the appointing entity or individual, is generally considered to be revocable unless the authority is coupled with an interest associated with the result of the exercise of the authority. The powers of attorney granted to the Issuer Security Agents are expressed to be irrevocable, but there is uncertainty as to whether, even where the authority is coupled with an interest, the authority may still be revocable at will by the Issuer. This could have a detrimental effect on the ability of the Issuer Security Agents to enforce the security on behalf of the Certificateholders and the other Issuer Secured Parties. Any action taken by the third party pursuant to such authority before the third party is notified of its revocation will, however, be effective. As the Ministry of Justice has recently instituted a practice of using 'prescribed forms' of powers of attorney, there is a risk that the powers of attorney in favour of the Issuer Security Agents may not be notarized by any notary public.

*There are a number of circumstances in which the Certificates may be redeemed prior to their scheduled maturity date:*

The GCTA and the Intercreditor Agreement contain a number of provisions permitting Sadara to redeem some or all of the Senior Debt prior to its scheduled maturity date. Some, but not all, of these provisions apply to the Sukuk Facility advanced by the Issuer to Sadara. Where the Sukuk Facility is prepaid pursuant to one of these provisions, then the terms and conditions of the Certificates provide for a corresponding early redemption of the Certificates. Therefore, there are a number of circumstances in which the Certificates may be repaid prior to their scheduled maturity date.

For a full summary of the provisions, and an explanation of which of them apply to the Sukuk Facility, please see further the sections of this Prospectus entitled “*Summary of the Principal Finance Documents – Global Common Terms Agreement*”, “*Summary of the Principal Finance Documents – Intercreditor Agreement*” and “*Terms and Conditions of the Certificates*”.

In particular, but without limitation, prospective Certificateholders should note that, pursuant to Condition 8.3 (*Early Termination at the Option of the Issuer*) and the corresponding provision of the GCTA, either (i) on any Periodic Distribution Date falling after the fifth (5th) anniversary of the Closing Date or (ii) at any time (on no more than sixty (60) days’ notice) after the occurrence of an Enforcement Event, in each case on which the Issuer has elected to redeem the Certificates in whole but not in part, and has so notified Sadara, Sadara will prepay the Sukuk Facility in full, and the Issuer will correspondingly redeem the Certificates in full.

Similarly, pursuant to Condition 8.2 (*Early Termination for Tax Reasons*) and the corresponding provision of the GCTA, on any Periodic Distribution Date, following the occurrence of a Tax Event pursuant to which the Issuer has elected to redeem the Certificates in whole but not in part, Sadara will prepay the Sukuk Facility in full, and the Issuer will correspondingly redeem the Certificates in full.

Pursuant to Condition 8.4 (*Termination Following an Intercreditor Event*), the Issuer will redeem the Certificates at the applicable Termination Distribution Amount on an Intercreditor Event Termination Date (each as defined in Condition 8.4 (*Termination Following an Intercreditor Event*)) upon the occurrence of an Intercreditor Event. Intercreditor Events include if Sadara becomes obliged pursuant to sub-clause (b) of clause 10.9 (*Mandatory Prepayment – Total Loss Event*), or elects, in accordance with sub-clause (a) of clause 10.9 (*Mandatory Prepayment – Total Loss Event*) of the GCTA, or becomes obliged, pursuant to clause 10.8 (*Mandatory Prepayment – Initial Sukuk Facility*) of the GCTA to make a prepayment in full of the Sukuk Facility.

Accordingly there is a risk that in various circumstances, some outside the control of both Sadara and the Issuer, the Certificates may be redeemed early in whole or in part. With the exception only of early redemption of the Certificates pursuant to the Issuer call option under Condition 8.3 (*Early Termination at the Option of the Issuer*) as described above, and then only in limited circumstances as set out in Condition 8.3 (*Early Termination at the Option of the Issuer*), there will be no compensation by way of premium, make whole amount or any other payment for investors for such early redemption.

*If a Total Loss Event occurs, there may be insufficient sums realized from the proceeds of insurances to repay the Certificates in full, and in certain circumstances Sadara may not be obliged to pay the Total Loss Shortfall Amount:*

If there has been a Total Loss Event in respect of the Lease Assets and the Certificates are not redeemed pursuant to Condition 8.4 (*Termination Following an Intercreditor Event*) as a consequence of Sadara not electing pursuant to sub-clause (a) of clause 10.9 (*Mandatory Prepayment – Total Loss Event*) of the GCTA to make a prepayment of the Sukuk Facility in relation thereto within 60 days of the occurrence of such Total Loss Event, immediately thereafter: (1) the Certificates must be redeemed pursuant to Condition 8.4 (*Termination Following an Intercreditor Event*) as a consequence of Sadara becoming obliged pursuant to sub-clause (b) (i) of clause 10.9 (*Mandatory Prepayment – Total Loss Event*) of the GCTA to make a prepayment in full of the Sukuk Facility; and (2) Sadara is obliged pursuant to sub-clause (b)(ii) of clause 10.9 (*Mandatory Prepayment – Total Loss Event*) of the GCTA to prepay or make an Early Payment of (as the case may be) an amount equal to all amounts outstanding under each other Facility.

If the Certificates are to be redeemed in accordance with (1) above, the Termination Distribution Amount payable to Certificateholders will be reduced by an amount equal to the applicable Total Loss Shortfall Amount if (x) Sadara (in its capacity as Service Contractor under the Service Agency Agreement) has not been in breach



of clause 4 of the Service Agency Agreement in relation to obtaining and maintaining certain insurances in respect of the Lease Assets or (y) Sadara (in its capacity as Lessee under the Forward Lease Agreement) has not been in breach or default of, or been negligent in the performance of, its obligations under the Forward Lease Agreement. In either such case as described in (x) and (y) above, the Termination Distribution Amount which Certificateholders are entitled to receive will be limited to amounts realizable from any Insurances (as such term is defined for the purposes of the Intercreditor Documents) (or any other insurances which have been obtained pursuant to the Service Agency Agreement) which are payable to the Transaction Account in accordance with the Service Agency Agreement or (as the case may be) the Forward Lease Agreement and to the extent permitted by the provisions of the Intercreditor Documents. In this respect, Certificateholders should be aware that Sadara is obliged by the terms of the Intercreditor Documents to apply such Insurances (or any other insurances which have been obtained pursuant to the Service Agency Agreement) strictly in accordance with the provisions thereof, which may result in the Termination Distribution Amount received by Certificateholders in this scenario being a lower amount than would otherwise be the case, or, in certain circumstances prescribed by the Intercreditor Documents, zero.

Under the terms of the Service Agency Agreement, if a Total Loss Event has occurred in respect of the Lease Assets, the Intercreditor Agent and the Security Agents (as applicable) shall be entitled to assume that the Service Contractor will be obliged to pay the Total Loss Shortfall Amount in full under the Service Agency Agreement for the purposes of determining the amount of any claim for the exercise of enforcement rights under the Intercreditor Documents or the GCTA. Therefore, when exercising such enforcement rights, the Intercreditor Agent and the Security Agents (as applicable) will be entitled to claim an amount from Sadara which includes an amount equal to the Total Loss Shortfall Amount, whether or not at such time the Total Loss Shortfall Amount has been determined to be payable to the Issuer (in its capacity as Co-Lessor) under the Service Agency Agreement. If, prior to the final disbursement of funds to the Secured Parties following the exercise of such enforcement rights, it is determined that the Total Loss Shortfall Amount is payable by the Service Contractor under the terms of the Service Agency Agreement, the Issuer (as a Secured Party and, therefore, the holders of the Certificates) will share in the proceeds of such enforcement rights (including an amount equal to the Total Loss Shortfall Amount) *pro rata* with the other Secured Parties in accordance with the Intercreditor Documents and the GCTA. However, if the Total Loss Shortfall Amount is not determined to be payable by the Service Contractor under the terms of the Service Agency Agreement before such final disbursement occurs: (a) if at the time of such final disbursement there are insufficient proceeds of such enforcement rights to satisfy the outstanding claims of the Secured Parties (other than the Issuer), such other Secured Parties may (as amongst themselves only) share *pro rata* in some or all (depending on the extent to which the claims of such other Secured Parties have not been satisfied in full) of an amount equal to the Total Loss Shortfall Amount in accordance with the Intercreditor Documents and the GCTA; and (b) any action by or on behalf of the Certificateholders to claim payment of the Total Loss Shortfall Amount (or any part thereof) after such final disbursement has been made may, in certain circumstances and in the absence of any other funds being held for the benefit of the Issuer (as a Secured Party) under the terms of the Intercreditor Documents and the GCTA, be separate to and independent from the Issuer's rights as a Secured Party under the Intercreditor Documents and the GCTA. In this circumstance, Certificateholders will be dependent on Sadara having additional funds available at that time to satisfy such a claim in full and there can be no assurance that this will be the case.

Accordingly, in the scenarios described above, Certificateholders may lose some or all of their investment in the Certificates.

*The circumstances in which the Certificates may be accelerated are limited:*

The Certificates do not contain specific events of default or termination events. Instead, the Certificates will become immediately due and payable only in the circumstances described in Condition 12 (*Termination Event*). In summary, should a Termination Event arise under the GCTA or the Declaration of Agency, and subsequent thereto Enforcement Action is taken, then the Certificates will automatically be and become immediately due and payable in full at their applicable Termination Distribution Amount. The Certificates will not become due and payable following a Termination Event other than in accordance with Condition 12 (*Termination Event*). In this regard, prospective investors should note also the risk factor below entitled "*The Certificates represent a small proportion of Sadara's overall Senior Debt. Intercreditor decisions are generally taken on a proportionate basis and the Issuer, directed by the Certificateholders' Agent acting on instructions from Certificateholders, may have limited ability to influence the outcome of intercreditor decisions*" and note the possibility of a limited ability to influence the outcome of an intercreditor vote in respect of any proposed Enforcement Action, even where the Termination Event in question has occurred only under the Sukuk Facility.

The Termination Events applicable to the Sukuk Facility (and the other Facilities) are contained in the GCTA (with respect to Common Events of Default for all Facilities) and the Declaration of Agency (with respect to Sukuk Events of Default in relation to the Sukuk Facility). They may be triggered by acts, omissions or events affecting not just Sadara and the performance of the Project, but also of Sadara's Subsidiaries, of which as at the date of this Prospectus the Issuer is the only one. These Termination Events are summarized in the section entitled "*Summary of the Principal Finance Documents – Global Common Terms Agreement*" and "*Summary of Sukuk Transaction Documents – Declaration of Agency*". It should be noted that the Applicable Senior Creditors benefit from certain additional Events of Default set out in the Supplemental Common Terms Agreement, a breach of which would neither allow the Certificateholders to vote to take Enforcement Action in respect thereof nor would a Termination Event arise under the Sukuk Facility (although the amounts owing under the Certificates may ultimately become accelerated to the extent other Senior Creditor Groups vote in favor of Enforcement Action in such circumstances).

*Obligations to pay sums in the nature of interest are not enforceable under Saudi Arabian law:*

The Sukuk Transaction Documents (including the Certificates) when construed in their totality, or individually, may cause a court or judicial committee in The Kingdom to reach the conclusion that the features thereof which purport to make them consistent with *Shari'a* principles applicable to a financing transaction in compliance with Islamic law should be disregarded, and that accordingly the transaction should be re-characterized as a conventional financing transaction (that is, one which is not in compliance with *Shari'a* principles).

If such a re-characterization were to occur, an obligation to pay a sum in the nature of interest (howsoever described and whether or not involving a penal element), including but not limited to any profit, would not typically be enforceable under the laws of The Kingdom. It follows that provisions for the payment, determined by a court or judicial committee in The Kingdom to be in the nature of profit and other sums in the nature of interest by Sadara to the Issuer or by the Issuer under the Sukuk Transaction Documents (including the Sukuk Promissory Notes), and the Certificates, may not be enforced by a court or judicial committee in The Kingdom.

One element which might lead a court or judicial committee in The Kingdom to consider a payment obligation to be a payment of interest or an amount in the nature of interest could be the use of SAIBOR as a reference rate in the calculation of that payment or amount.

In particular, a court or judicial committee in The Kingdom may, on the application of the payer of sums in the nature of interest, only give judgment in respect of principal sums found by such court or judicial committee to be due and payable less the amount of sums in the nature of interest previously paid by the payer to the payee. Any amounts previously paid by Sadara to the Issuer, or by the Issuer, in respect of sums in the nature of interest would therefore reduce the amount receivable by the Issuer from Sadara and therefore by Certificateholders in relation to payments of principal.

In addition, there is a risk that a court or judicial committee in The Kingdom (as the case may be) will not give effect to an Event of Default other than the non-payment of amounts in the nature of principal.

*Investors in the Certificates may not be able to find a purchaser should they need to dispose of their investment prior to maturity:*

No market for the Certificates currently exists and a market may not develop or, if it does develop, it may not continue to exist. If a market for the Certificates were to develop, the Certificates could trade at a price less than their initial offering price due to a number of different factors, such as prevailing commission rates, the market condition for similar securities, Sadara's and / or the Issuer's financial condition, performance and business prospects, economic conditions in The Kingdom and recommendations of securities analysts. If a market for the Certificates does not develop, purchasers of the Certificates may be unable to resell the Certificates for an extended period of time, if at all. Consequently, a purchaser of Certificates may not be able to easily to liquidate an investment in the Certificates.

The ability of Certificateholders to transfer the Certificates will be restricted which may affect the value of the Certificates.



*Certificateholders receive payment of amounts due under the Conditions after other Secured Creditors receive amounts from Sadara under the Facilities:*

Sadara is required to make payment under all of its Senior Financing Instruments, including to the Issuer under the Sukuk Facility, on each 15 June and 15 December, or if that date is not a Business Day, on the next day which is a Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is none). The definitions of 'Business Day' relating to payments by Sadara to the Issuer under the Sukuk Facility and to other Senior Financing Participants under the other Facilities, and by the Issuer to Certificateholders under the Certificates, are, with respect to certain Facilities, different. The Issuer may therefore receive payments from Sadara on dates that are different to the payment dates of other Senior Financing Participants.

*Investors may experience difficulties in enforcing arbitration awards and foreign judgments in The Kingdom:*

The Issuer is a joint stock company and Sadara is a limited liability company and both are incorporated under the laws of The Kingdom. Some of Sadara's directors, all of the Issuer's directors, all of their respective executive officers and some of their respective advisors named in this Prospectus reside in The Kingdom. All or a substantial portion of their respective assets and the assets of these persons are located in The Kingdom. Saudi Aramco, as one of the Completion Guarantors, is likewise domiciled in The Kingdom.

While the Sukuk Transaction Documents are governed by the laws of The Kingdom (with the exception of the Offshore Issuer Charge and Assignment Deed), certain key Finance Documents (including the GCTA, the Intercreditor Agreement and the Completion Guarantees) are governed by English law and subject to (with certain exceptions) the jurisdiction of the English courts. Ultimately the payments under the Certificates will depend upon both Sadara and the Issuer, and potentially the Completion Guarantors as providers of the Completion Guarantees, complying with their payment and other obligations under the Finance Documents, whether governed by English law or the laws of The Kingdom. If they do not do so, it may be necessary for an action to be brought to enforce the relevant obligations and / or to claim damages, as appropriate, which may be costly and time consuming.

In original actions in Saudi Arabian courts, liabilities predicated solely upon English law would only be enforceable to the extent such liabilities did not contravene Saudi Arabian law and *Shari'a* principles. The courts in The Kingdom may not observe the parties' choice of English law as the governing law of any particular Finance Document. In The Kingdom, foreign law is required to be established as a question of fact and the interpretation of English law, by a court in The Kingdom, may not accord with the interpretation of an English court. In principle, courts in The Kingdom have the discretion to recognize the choice of foreign law and to consider the enforcement of contractual or other obligations accordingly 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, honor any provision of foreign law which is contrary to *Shari'a* principles, public policy, order or morals in The Kingdom, or to any mandatory law of, or applicable in, The Kingdom.

The enforcement of foreign judgments and arbitral awards requires reciprocity with the jurisdiction. The Kingdom has ratified the New York Convention; however, the only international treaties regarding the reciprocal enforcement of judgments to which The Kingdom is a party are the Arab League Treaty on the Enforcement of Judgments dated 16 April 1983 and the Arab Gulf Cooperation Council Convention on the Enforcement of Judgments dated 6 December 1995. It is however possible to apply for the enforcement of a foreign judgment if it can be proven that the authorities of the country where it was made will give executive force to judgements of the Saudi Arabian courts without the requirement of instituting an action on the judgment.

The Execution Regulation, Royal Decree No. M/53 of 13 Sha'ban 1433H (corresponding to 3 July 2012G) imposes the requirement that the Saudi Arabian courts do not have jurisdiction in a dispute in respect of which the judgment or award is made, but this does not apply where there is an agreement to refer disputes to arbitration in a jurisdiction other than The Kingdom. Furthermore, a foreign judgment or arbitral award may not contain anything contrary to the provisions of public order in The Kingdom.

Judicial precedents in The Kingdom have no binding effect on subsequent decisions. In addition, court decisions in The Kingdom are typically not recorded. These factors create greater judicial uncertainty.

The parties to the GCTA have agreed that the Intercreditor Agent may in certain instances refer any unresolved dispute arising out of or in connection with the GCTA and any other Finance Document (in each case, other

than those governed by the laws of The Kingdom) to arbitration pursuant to the ICC Rules. The New York Convention entered into force in The Kingdom on 18 July 1994. Any arbitration award rendered in London or the Dubai International Financial Centre in accordance with the relevant provisions of the GCTA should (subject as set forth below) therefore be enforceable in The Kingdom in accordance with the terms of the New York Convention. Under the New York Convention, The Kingdom has an obligation to recognize 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 courts of The Kingdom find that the subject matter of the dispute is not capable of settlement by arbitration, or if enforcement would be contrary to the public policy of The Kingdom (which includes *Shari'a* principles). In practice, however, whether the courts in The Kingdom will enforce a foreign arbitration award in accordance with the terms of the New York Convention, or otherwise, has yet to be tested. Pursuant to the new Saudi Arabian Arbitration Regulation, which entered into force on 18 Sha'aban 1433H (corresponding to 8 July 2012G), and which is yet untested in the courts and judicial committees of The Kingdom, a Saudi Arabian court must decline to hear a dispute if the parties have entered into a prior agreement to submit disputes to arbitration and the defendant raises the issue before entering a defense on the merits. If parties to court proceedings agree in the course of the proceedings to submit the dispute to arbitration, the Arbitration Regulation makes it mandatory for the courts to discontinue the action.

*The laws of The Kingdom relating to enforcement are relatively undeveloped and the interpretation of the compliance of the Sukuk Transaction Documents with Shari'a principles may differ amongst Saudi Arabian courts and judicial committees:*

The Sukuk Transaction Documents (with the exception of the Offshore Issuer Charge and Assignment Deed) will be governed by, and will be construed in accordance with, the laws of The Kingdom. Prospective Certificateholders should note that the various courts and judicial committees of The Kingdom applying Saudi Arabian law, and in particular the relevant principles of Islamic law as construed and applied pursuant to the teachings of the Hanbali school of jurisprudence, may interpret or enforce, or reinterpret, any Sukuk Transaction Document (including the Certificates) other than in accordance with its terms. In this regard, the courts and judicial committees of The Kingdom may decline to enforce any contractual or other obligation if it is their view that the enforcement thereof would be contrary to principles of *Shari'a*, as interpreted pursuant to the teachings of the Hanbali school of jurisprudence.

The Kingdom's Committee for the Resolution of Securities Disputes and the Appeal Panel have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with matters related to securities. Prospective Certificateholders should note that to the best of the Issuer's knowledge, no securities of a similar nature to the Certificates have previously been the subject of adjudicatory interpretation or enforcement in The Kingdom. Accordingly, it is uncertain exactly how and to what extent the Certificates, and / or the other Sukuk Transaction Documents (or any of them), would be enforced by the Committee for the Resolution of Securities Disputes and the Appeal Panel or any other adjudicatory authority in The Kingdom.

The Government has approved a restructuring of the judicial system, including the establishment of a Supreme Court as well as commercial, personal status and labor tribunals. The new Judiciary Law and law of the Board of Grievances were enacted by Royal Decree No. M/78 dated 19/9/1429H (corresponding to 1 October 2008G) but have not yet been fully brought into force. Under the new Judiciary Law, the Supreme Court will take over all the functions other than certain administrative responsibilities of the Supreme Judiciary Council, which currently serves as The Kingdom's highest tribunal. The Board of Grievances' current jurisdiction over commercial disputes will also pass to a new commercial court as part of this restructuring. It is not clear as at the date of this Prospectus what impact this restructuring may have on the Certificates, the Sukuk Transaction Documents or any claim thereunder.

Prospective Certificateholders should note that different *Shari'a* advisors, and courts and judicial committees in The Kingdom, may form different opinions on identical issues and therefore prospective Certificateholders may wish to consult their own legal and *Shari'a* advisors to receive an opinion as to the compliance or otherwise of the Certificates and the Sukuk Transaction Documents with *Shari'a* principles, if they so desire. Prospective Certificateholders should also note that although the DB *Shari'a* Advisor, the Joint *Shari'a* Committee of Alinma Investment Company and AlBilad Investment Company and the *Shari'ah* Committee of Riyadh Capital have issued pronouncements confirming that the Certificates and certain of the Sukuk Transaction Documents are in compliance with *Shari'a* principles, such pronouncements would not bind a court or judicial committee

in The Kingdom, including in the context of any insolvency or bankruptcy proceedings relating to the Issuer or Sadara, and any court or judicial committee in The Kingdom will have the discretion to make its own determination about whether the Certificates or such Sukuk Transaction Documents and the related structure (or any part thereof) comply with the laws of The Kingdom and *Shari'a* principles and therefore are enforceable in The Kingdom.

*Compliance with Saudi Arabian bankruptcy law may affect the ability of Sadara or the Issuer to perform their respective obligations under the Transaction Documents:*

In the event of the insolvency of Sadara or the Issuer, Saudi Arabian bankruptcy law may adversely affect their ability to perform their respective obligations under the Transaction Documents. There is little precedent to predict how claims by or on behalf of the Certificateholders, the Certificateholders' Agent, the Issuer Security Agents and / or any delegate thereof would be resolved, and therefore there can be no assurance that Certificateholders will receive repayment of their claims in full or at all in these circumstances.

*Investors in the Certificates must rely on clearing system procedures:*

The Certificates will only be issued in dematerialized registered global form and will be represented at all times by interests in the Global Certificate which will be deposited with the Certificateholders' Agent on the Closing Date. Certificateholders will not be entitled to receive Certificates in definitive form. Tadawul will maintain records of the beneficial interests in the Global Certificate held by the Certificateholders' Agent. While the Certificates are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the clearing and settlement system of the Registrar and the Issuer will discharge its payment obligations under the Certificates by making payments through this clearing and settlement system. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the clearing and settlement system of the Registrar and its participants in relation to payments under the Certificates.

Joint Lead Managers and Joint Bookrunners and potentially other market makers currently intend, on reasonable efforts and subject to internal regulatory approvals, to give indicative pricing in relation to the Sukuk and / or to make a market therein, but will be under no obligation to do so. There is currently no established secondary market for the Sukuk, and there can be no assurance that one will develop after the Certificates are issued. Any sale of the Certificates by the Certificateholders in any secondary market that may develop may be at a lower price than the original purchase price of such Certificate; see the risk factor above entitled "*Investors in the Certificates may not be able to find a purchaser should they need to dispose of their investment prior to maturity*".

*The Certificates may not be suitable for all investors:*

The Certificates are complex instruments and may not be a suitable investment for all investors. Each potential investor in the Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the Certificates and the information contained in this Prospectus;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Certificates and the impact the Certificates will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates or where the currency for principal is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Certificates and be familiar with the behavior of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

The Certificates are complex instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to investors' overall portfolios.

Certificateholders in emerging markets should be aware that these markets are subject to greater risks than more developed markets, including in some cases significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate. A prospective Certificateholder should not invest in the Certificates unless it has the expertise (either alone or with the help of a financial advisor) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of such Certificates and the impact this investment will have on the prospective investor's overall investment portfolio.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential Certificateholder should consult its legal advisors to determine whether and to what extent: (i) Certificates constitute legal investments for it; (ii) Certificates can be used as collateral for various types of borrowing; and (iii) other restrictions applying to any purchase or pledge of any Certificates by the Certificateholder. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk based capital or similar rules and regulations.

*There may be tax consequences associated with payments on the Finance Documents and the Certificates:*

Certificateholders may be subject to payment of income tax, withholding tax, *zakat* or other taxation in The Kingdom as a result of acquiring, holding or disposing of the Certificates.

Each prospective Certificateholder must take its own professional advice as to the tax consequences for that prospective Certificateholder of acquiring, holding and disposing of the Certificates.

For a further discussion of taxation and *zakat* issues relating to the acquisition, holding or disposal of the Certificates see the section of this Prospectus entitled "*Taxation and Zakat*".

### **(C) RISKS RELATED TO THE ISSUER, AND THE ISSUER'S RELATIONSHIP WITH SADARA**

*Certificateholders will depend upon Sadara to provide the Issuer with sufficient funds to make payments on the Certificates when due:*

The Issuer is an indirect subsidiary of Sadara and was incorporated in The Kingdom on 24 December 2012 and has no operating history. The Issuer has been established as an onshore finance vehicle for Sadara. The material assets of the Issuer will be its proportional interest in the Musharaka, its right to payment from Sadara under the Sukuk Transaction Documents, its right as a Guarantee Beneficiary under the Completion Guarantees until the Project Completion Date, together with the Issuer's rights as a Senior Financing Participant and Secured Party under the other Finance Documents (including but not limited to the GCTA, the Intercreditor Agreement and the Security Documents), and its rights as a Secured Party to the Secured Property and the proceeds of enforcement thereof.

Therefore, in order to meet its obligations to make payments under the Certificates, the Issuer will (following the Project Completion Date and the release of the Completion Guarantees) be entirely dependent upon Sadara meeting its obligations to make payments to the Issuer of the amounts due from Sadara under the Sukuk Transaction Documents (as to which see further the section of this Prospectus entitled "*Summary of the Sukuk Transaction Documents*"), or otherwise on the ability to receive value from the Issuer's rights under these contractual arrangements. The ability to do so will depend largely upon Sadara's financial condition and results of operations. In the event of an adverse change in Sadara's financial condition or results of operations, the Issuer may not have sufficient funds to repay all amounts due on or with respect to the Certificates.

*The Issuer is an indirect subsidiary of Sadara, which in turn is controlled indirectly by the Completion Guarantors and these relationships could create conflicts of interest with the Certificateholders:*

The Issuer is an indirect subsidiary of Sadara. Although Sadara is subject to the negative covenants described in the section of this Prospectus entitled "*Summary of the Principal Finance Documents – Global Common Terms Agreement – Covenants*", and the Issuer is subject to negative covenants restricting its activities, including pursuant to Condition 5 (*Covenants*) of the Certificates, there is a risk that Sadara might seek to utilize the Issuer in a manner which is inconsistent with the Finance Documents, or which allows Sadara to avoid its obligations under the Finance Documents.

If an Event of Default occurs, Sadara might seek to use its position as an indirect shareholder of the Issuer to obstruct or frustrate efforts by Certificateholders to enforce their security and direct the Issuer in its participation in the intercreditor arrangements under the Intercreditor Agreement, restricting the amount of recovery under the Certificates. As at the date of this Prospectus, Saudi Arabian law does not however preclude a company with securities listed on Tadawul, acting pursuant to its own interests, from acting against the interests of its parent or ultimate parent (and thus the shareholders of such parent or ultimate parent). In the context of the transaction, such actions could include: (i) voting in favor of taking Enforcement Action under the Intercreditor Agreement; (ii) voting in favor of the enforcement of the security interests granted by Sadara under the Security Documents and the collection and distribution of proceeds; (iii) terminating the Forward Lease Agreement and Procurement Agreement and the other Sukuk Transaction Documents; (iv) pursuing Sadara through the courts in England or The Kingdom for non-payment or non-performance; and / or (v) pursuing the Completion Guarantors for payment under the Completion Guarantees.

*Certificateholders have no direct contractual relationship with Sadara or the Completion Guarantors. Their relationship is with the Issuer. As a general matter, Certificateholders must exercise their rights through the Certificateholders' Agent and the Issuer Security Agents:*

Certificateholders have no direct contractual relationship with Sadara or the Completion Guarantors. The Certificates represent obligations of the Issuer to Certificateholders of the Issuer only.

Under the Conditions, no Certificateholder shall be entitled to undertake any actions which would in the ordinary course be performed by the Certificateholders' Agent or the Issuer Security Agents under any Finance Document (as defined in the Conditions) unless: (a) the Certificateholders' Agent or the Issuer Security Agents (as the case may be), having become bound so to proceed, fail to do so within 30 days of becoming so bound and such failure is continuing; and (b) the relevant Certificateholder (or such Certificateholder together with other Certificateholders who propose to take such action) holds at least 25% of the then aggregate face amount of the Certificates outstanding.

In particular, should Certificateholders become entitled to take action by way of exercising or directing the Issuer in the exercise of its rights under the Finance Documents, because of the inaction of their agents or otherwise, they are required to do so subject always to and in conformity with the obligations, restrictions and liabilities of or placed on the Issuer under the Finance Documents (as defined in the Conditions). Certificateholders who become entitled to take such action may be required to execute a form of acknowledgment (in the form set out in the Declaration of Agency) before being able to proceed. The obligations, restrictions and liabilities of or placed on the Issuer (as a Senior Financing Participant and a Secured Party) under the Intercreditor Documents and the GCTA are summarized in this Prospectus, particularly in the sections entitled "*Summary of the Principal Finance Documents – Global Common Terms Agreement*", "*Summary of the Principal Finance Documents – Intercreditor Agreement*", and "*Summary of the Principal Finance Documents – Accounts Agreement*", and these and some of the other Finance Documents (including the Completion Guarantees) are available (in copies) for inspection by prospective Certificateholders, for 20 days before the Closing Date and, thereafter, for so long as any amounts remain payable under the Certificates, by Certificateholders, during normal business hours on any weekday (excluding Thursdays, Fridays and public holidays) at the Specified Office of the Certificateholders' Agent (HSBC Saudi Arabia Limited, HSBC Head Office, Olaya Road, Al-Murooj District, P.O. Box 9084, Riyadh 11413, The Kingdom). Certificateholders should read these summaries and the agreements themselves, and inform themselves of the provisions contained therein.

## **(D) RISKS RELATED TO THE INTERCREDITOR DOCUMENTS AND THE SECURITY GRANTED BY SADARA AND/OR THE ISSUER FOR ITS INDEBTEDNESS**

*There is limited recourse to the Sponsors for repayment of indebtedness:*

Other than pursuant to the Completion Guarantees, which will cease to be available on and from the Project Completion Date, the Issuer (and therefore also the Certificateholders and the Certificateholders' Agent) will have no recourse to the Sponsors or their Affiliates (other than Sadara) should Sadara not meet any of its payment obligations to the Issuer, which are obligations of Sadara only. For a description of the terms and conditions of the Completion Guarantees, see the section of this Prospectus entitled "*Summary of the Principal Finance Documents – Completion Guarantees*".

Similarly, the obligation to make payment of all amounts owing in respect of the Certificates will be solely the obligation of the Issuer, not of Sadara or either of the Sponsors. Both Sadara and the Issuer are single purpose entities with limited assets as more particularly described herein.



Under the Conditions, the Certificateholders agree that they are not entitled to undertake any actions which would in the ordinary course be performed by the Certificateholders' Agent or the Issuer Security Agents under any Transaction Document other than in very limited circumstances as described in the risk factor above entitled "*Certificateholders have no direct contractual relationship with Sadara or the Completion Guarantors. Their relationship is with the Issuer. As a general matter, Certificateholders must exercise their rights through the Certificateholders' Agent and the Issuer Security Agents*". Should the Certificateholders become entitled to take such action, they are required to do so subject always to and in conformity with the obligations, restrictions and liabilities of or placed on the Issuer under the relevant Intercreditor Documents and the GCTA.

*Sadara will have substantial indebtedness, may incur significant additional indebtedness in the future pursuant to the terms of the Finance Documents, and may not be able to service its obligations to the Issuer:*

Sadara will incur substantial indebtedness in connection with the financing of the Project of which the offering of the Certificates is a part, pursuant both to this offering and to the other Facilities (which may be entered into before, concurrently with or after the offering of the Certificates). Following the completion of this offering as at the date of this Prospectus, Sadara will have long-term debt of approximately USD1.66 billion. Sadara's substantial indebtedness may limit its flexibility in planning for, or reacting to, changes in its business and the industry in which it operates.

Sadara will also be able to incur potentially significant additional debt from time to time subject to the terms and conditions of the Finance Documents without updating the assumptions on which the Banking Case is based *provided that* such debt is incurred within 12 months after Financial Close, including debt intended to: (a) refinance or replace Senior Debt or commitments to provide such Senior Debt; or (b) supplement (subject to specified caps) the existing Senior Debt. See further the section of this Prospectus entitled "*Summary of the Principal Finance Documents – Global Common Terms Agreement – Additional Debt Categories*" for a description of the conditions under which such additional debt may be incurred. Prospective Certificateholders should note in particular that any debt incurred by Sadara which is intended to fund an Expansion Facility, Permitted Development or a shortfall in Project Costs will represent additional debt to Sadara's outstanding debt exposure, rather than the refinancing or replacement of existing debt.

Sadara's assets, including its revenues derived from the operation of the Sadara Complex, will be the sole source of funds available to it for the payment of principal of and commission on its indebtedness, including payments to the Issuer under the Sukuk Transaction Documents. Certain items will be payable prior to the payment of debt service with respect to Sadara's indebtedness, in accordance with the transaction cash waterfalls as more particularly described in the sections of this Prospectus entitled "*Summary of the Principal Finance Documents – Accounts Agreement – Offshore Revenues Account*", "*Summary of the Principal Finance Documents – Accounts Agreement – Onshore Revenues Account*" and "*Summary of the Principal Finance Documents – Accounts Agreement – Debt Service Account*". No assurances can be given that Sadara's revenues will be sufficient to meet such payments and leave an amount sufficient to service its indebtedness, which in turn could leave the Issuer with insufficient funds to repay all amounts due on or with respect to the Certificates. Any Additional Senior Debt may rank equally with and share *pro rata* in the Security with the Sukuk Facility and the other Senior Debt and thus may: (i) reduce the benefits of the Security to the Certificateholders and their ability to control certain actions taken with respect to the Security; and (ii) increase the risk that Sadara will be unable to service its indebtedness when due.

*The Issuer could be used as the Issuer for further sukuk issuances:*

Sadara has the ability to incur Additional Senior Debt by way of further sukuk issuances through the Issuer, provided that the consent of the Administrative Decision Majority Senior Creditors (including the affirmative vote of the Certificateholders) is obtained. This could give rise to several amendments to the Finance Documents and the Sukuk Issuer Documents resulting in another group of Certificateholders which has claims against the Issuer. The intercreditor arrangements between the Certificateholders and the new Certificateholders would also need to be agreed and negotiated at the time of the further issuance – there is a risk that the votes of the Certificateholders as a Senior Creditor Group could be diluted assuming the new Certificateholders also form part of the same Senior Creditor Group as the initial Certificateholders. Furthermore, it is possible that the voting interests of the different groups of Certificateholders may not always be aligned.

*The Certificates represent a small proportion of Sadara's overall Senior Debt. Intercreditor decisions are generally taken on a proportionate basis and the Sukuk Participant, directed by the Certificateholders' Agent acting on instructions from Certificateholders, may have limited ability to influence the outcome of intercreditor decisions:*

Other than certain Decisions requiring unanimous consent, or which are of an administrative nature, the Intercreditor Agreement will provide that decision-making will be taken on a majority basis (which, in the case of a Qualified Majority Decision, must include an ECA Majority). These decisions, once taken by the requisite majority, are binding on the remainder of the Senior Financing Participants. For a summary of the intercreditor voting provisions, and the relevant decision-making majorities, please see the sections of this Prospectus entitled “*Summary of the Principal Finance Documents – Intercreditor Agreement*.”

The relative size of the Sukuk Facility to the overall Senior Debt means that in general, until the other currently outstanding Senior Debt has been significantly amortized, when intercreditor votes are called, it is likely that a particular decision can be reached and course of action directed by the requisite majority of the Senior Creditor Groups even where the Certificateholders’ Agent acting on instructions from Certificateholders has directed the Sukuk Participant to vote to the contrary.

For example, if following an Event of Default (which is also a Termination Event), the Certificateholders wish to instruct the Sukuk Participant to direct the Intercreditor Agent by issuing a Remedies Initiation Notice to take Enforcement Action against Sadara under the Finance Documents, such action will only be permitted if the requisite majority of the Senior Creditor Groups is obtained. The applicable majority operates on a sliding scale where, with the passage of time, the majority threshold required to initiate Enforcement Action reduces, thereby potentially enabling the Certificateholders to commence Enforcement Action following the lapse of time.

The applicable thresholds and the rate at which they reduce differ depending upon whether the Enforcement Action relates to an Event of Default or a Fundamental Event of Default. In particular, it should be noted that with respect to a Fundamental Event of Default (subject to certain exceptions, including the insolvency of Sadara or a Sponsor), during the period from (i) the relevant notification date to 30 days thereafter, 75% of the outstanding principal amount of the Relevant Senior Debt (voting as a block on the basis of a 75% majority), (ii) the end of the period in (i) to 90 days thereafter, 50% of the outstanding principal amount of the Relevant Senior Debt (voting as a block on the basis of a 66⅔% majority), (iii) at any time after the end of the period in (ii), 10% of the outstanding principal amount of the Relevant Senior Debt (voting as a block on the basis of a 50% majority), in each case, would be required to initiate Enforcement Action. In this case, if another Senior Creditor Group disagreed with the Certificateholders’ request to take Enforcement Action, then the taking of such Enforcement Action would not be permitted. Following the expiry of the 90 day period referred to above, and provided that the Certificateholders represent at least 10% of the principal amount of the Relevant Senior Debt then outstanding, the Certificateholders may initiate such Enforcement Action as a Senior Creditor Group without the requirement to form a majority. In the case of Enforcement Action relating to an Event of Default (which is also a Termination Event), provided the Certificateholders represent at least 10% of the principal amount of the Senior Debt then outstanding, the Certificateholders may only initiate such Enforcement Action as a Senior Creditor Group without the requirement to form a majority after 270 days from the relevant notification.

Whilst it is expected that the Sukuk Facility will, at least initially, constitute more than 10% of the principal amount of the Senior Debt, this percentage could be diluted if Sadara incurs a significant amount of Additional Senior Debt pursuant to the terms of the Finance Documents, in which case, the ability of the Certificateholders to initiate Enforcement Action following the expiry of the applicable period could be further curtailed.

The above intercreditor decision-making regime for initiating Enforcement Action equally applies to consideration by the Senior Creditor Groups (other than the Sukuk Facility) of a Remedies Initiation Notice issued at the direction of the Sukuk Participant (acting on the instructions of the Certificateholders) in respect of a Sukuk Event of Default. As Sukuk Events of Default are specific to the Sukuk Facility and benefit only the Certificateholders, the other Senior Creditor Groups may not necessarily be inclined to support any such Remedies Initiation Notice.

The principle that Intercreditor Decisions may only be taken by the requisite majority is subject to a category of decisions of fundamental importance to all Senior Financing Participants, namely the Unanimous Decisions and certain decisions in relation to the Completion Guarantees, which may not be taken without the consent of all the Senior Creditor Groups (including the Sukuk Participant, acting at the direction of the Certificateholders through the Certificateholders’ Agent). This does not necessarily mean that the Certificateholders have a veto on matters falling into this category, since the votes of the Certificateholders would be disregarded to the extent they do not respond to a decision within the required time period. Furthermore, an effect of voting as a block within each Senior Creditor Group is that in relation to Unanimous Decisions, block voting would limit the scope for a minority Certificateholder to stop a Unanimous Decision where, for example, the remainder of



the Certificateholders in the Sukuk Facility approve it and votes in favor as a block. Certain other matters are reserved such that they may not be taken without the consent of the Sukuk Participant (acting at the direction of the Certificateholders through the Certificateholders' Agent). The Issuer has undertaken in the Declaration of Agency not to participate in any vote of the Senior Financing Participants or otherwise give or respond to any request for instructions, consent or waiver from the Intercreditor Agent, Onshore Security Agent or Offshore Security Trustee and Agent or any other party pursuant to the Intercreditor Agreement, GCTA or any other Transaction Document other than with the express consent, and at the direction, of the Certificateholders' Agent (except in circumstances where the Issuer is permitted to sign and agree to an amendment and/or restatement of the Finance Documents without the instructions of the Certificateholders' Agent in accordance with the Declaration of Agency and the Sukuk Split-Closing Undertaking Agreement).

Although the risk of a defined majority of the creditors of Sadara out-voting the creditors under a particular Facility applies to all individual Senior Financing Participants, there is a risk that other Senior Financing Participants whose interests are closely aligned with one another, may vote accordingly. For example, it is possible that all Senior Financing Participants under the ECA Facilities may tend to vote in a common manner, indicative of their aligned interests. As at the date of this Prospectus, the Sukuk Facility is expected to be the only capital markets participation in the Senior Debt with the balance of Sadara's debt being advanced by "uncovered" commercial banks, commercial banks benefiting from ECA guarantees or insurance, ECAs, Islamic banks, SIDF (to the extent SIDF participates in the financing of the Project), PIF and, if required, senior financing advanced by the Sponsors.

In addition, intercreditor voting is subject to a reduction mechanism, pursuant to which the votes and aggregate outstandings of Senior Financing Participants who do not inform the Intercreditor Agent of their decision on a particular issue within a defined period may be discounted in determining the final outcome. For a full summary of this mechanism, please see further the section of this Prospectus entitled "*Summary of the Principal Finance Documents – Intercreditor Agreement*". Accordingly, if Certificateholders are not able to hold a quorate meeting to discuss a particular issue and revert with a response within the required time period, their vote may be discounted. For a statement of the provisions relating to the holding of Certificateholder meetings, please see Condition 15 (*Meetings of Certificateholders, Modification, Waiver, Authorization and Determination*).

*The Certificateholders do not benefit from certain covenants and events of default which the other Senior Creditors benefit from:*

The Certificateholders (acting through the Sukuk Participant) and the other Initial Senior Creditors benefit (i.e. have the ability to vote in respect of any relevant Intercreditor Decision in respect of any such covenant or event of default and can initiate and vote on any Enforcement Action relating thereto) from the common covenants and events of default set out in the GCTA. The Certificateholders do not, however, benefit from the supplemental covenants and events of default set out in the SCTA which are only for the benefit of the Applicable Senior Creditors. Whilst the Certificateholders would be able to vote on Enforcement Action in relation to a supplemental event of default once initiated by an Applicable Senior Creditor, the Certificateholders are not entitled to either initiate nor vote on any amendment and waiver in relation thereto. Prospective Certificateholders should therefore note this distinction in rights between the Certificateholders and the Applicable Senior Creditors which could mean that: (i) the supplemental covenants are amended or waived without the Certificateholders being given the opportunity to also vote on the relevant Intercreditor Decision; and (ii) the Certificateholders will be reliant on an Applicable Senior Creditor to issue a Remedies Initiation Notice in respect of a supplemental event of default. For a summary of the SCTA and the supplemental covenants and events of default, please see the section entitled "*Summary of the Principal Finance Documents – Supplemental Common Terms Agreement*".

With respect to any intercreditor Decision, the Certificateholders are only entitled to vote thereon to the extent the decision is a Fundamental Decision (i.e. that decision relates to a Specified Right). Whilst the scope of Specified Rights is broad and enfranchises the Certificateholders to vote on any right that benefits them under the Finance Documents, the Certificateholders are disenfranchised from voting on provisions in the relevant Finance Documents which do not benefit the Certificateholders such as the tax gross-up and increased costs provisions in the GCTA.

*If claims are made under the Completion Guarantees, the proceeds may have to be shared with other Senior Financing Participants:*

The Intercreditor Agreement contains provisions for the sharing of payments made by the Completion Guarantors under the Completion Guarantees in certain circumstances, where there is an insufficiency in the amount paid to meet more than one contemporaneous claim from a Senior Financing Participant (including the Issuer) or other Guarantee Beneficiary. Prospective Certificateholders should carefully review the summary of the relevant provisions of the Intercreditor Agreement set out in this Prospectus in the section entitled “*Summary of the Principal Finance Documents – Intercreditor Agreement*”.

The effect of these provisions is that in certain circumstances, it is possible that the Completion Guarantors may pay funds sufficient to meet claims under their respective Completion Guarantees made on behalf of the Sukuk Participant under the Sukuk Facility, but that the Sukuk Participant in respect of amounts due to it would have to share the sum received with other Senior Financing Participants with outstanding claims against the Completion Guarantors under the Completion Guarantees, which have not been paid. This would lead to a diminution in the amount received by the Sukuk Participant and, therefore, in the amount available to it to pay over to the Certificateholders. This sharing requirement could apply to any claim of whatever nature made by the Sukuk Participant or on its behalf under the Completion Guarantees, and also applies to any sums awarded by a court or tribunal to the Sukuk Participant following a successful action against the Completion Guarantors for any underpayment by them of a claim under the Completion Guarantees. There can be no assurance that any shortfall in the amount paid to the Sukuk Participant if this sharing mechanism is applied will ever be made whole.

Prospective Certificateholders should also note that the Completion Guarantees guarantee the obligations of Sadara to the Sukuk Participant under the Transaction Documents, not (directly) those of the Sukuk Participant under the Certificates. Accordingly, the Issuer is the Guarantee Beneficiary thereunder, and if it suffers a non-payment by Sadara under the Sukuk Facility, it will have the ability to claim under the Completion Guarantees under the mechanism described in the section of this Prospectus entitled “*Summary of the Principal Finance Documents – Intercreditor Agreement*”. There is a risk however that the Sukuk Participant, once it has received an amount from the Completion Guarantors, will not pass these through to Certificateholders. If this were to occur, the Certificateholders would not have any right of claim or recovery against the Completion Guarantors under the Completion Guarantees.

*Security granted by Sadara for the Senior Debt (including the Sukuk Facility) is limited, and its enforceability is subject to some uncertainty:*

The assets of Sadara are limited, as more particularly described in the risk factor entitled “*Risks Related to Sadara’s (and the Issuer’s) Business and the Project – Sadara has no operating history and its sole assets are its interests in the Project*”. From the date (if applicable) upon which the SIDF Facilities are entered into, SIDF is expected to be granted a first-priority mortgage over the Sadara Complex and all other physical assets relating to the Project (excluding the Industrial Land Lease Contract), and under the laws of The Kingdom, only first-priority mortgages are recognised. As at the Closing Date, Sadara’s physical assets (and the other assets, as set out below, stated to be the subject of the Security to be granted to SIDF, if applicable,) are not secured for the benefit of the Senior Financing Participants (including the Issuer) and therefore are not included as part of the Security. In the event the SIDF Facilities are entered into and the SIDF Security Interest granted to SIDF, Sadara is only obligated to create a second-ranking mortgage over the physical assets granted to the remaining Senior Financing Participants, including the Issuer, in the event that such type of security interest becomes recognised under the laws and practices of The Kingdom in the future. Therefore, if the SIDF Facility is entered into and the SIDF Security Interest granted, the Senior Financing Participants will be dependent on SIDF’s agreement to turn over residual proceeds following the enforcement of the relevant security interests held by it over the physical assets of Sadara pursuant to the SIDF Security Interest Assignment Agreement.

Where the SIDF Facilities are not in place at the Project Completion Date, or at any time thereafter, where the SIDF Facilities are repaid in full, then to the extent possible under the laws of The Kingdom, Sadara is obliged to grant the relevant Security Agent: (a) a pledge over the fixed assets of Sadara; (b) an assignment over Sadara’s rights to receive insurance proceeds (other than any such proceeds to be paid directly by an insurer to a third party claimant) and any related reinsurance proceeds; and (c) an assignment by way of security over certain technology rights related to the Project.

In addition, although each Initial Shareholder has entered into the Share Pledge Agreements regarding their respective interests in Sadara, such a concept (for limited liability companies) is not recognised under the laws of The Kingdom and there is judicial uncertainty as to whether this arrangement would be effective even as a purely contractual matter between the parties thereto.

Furthermore, even if the Onshore Security Agent (directed by the Intercreditor Agent) is able to enforce a portion of the Security granted pursuant to the Onshore Security Documents such that the Onshore Security Agent is able to exercise direct control over the Project and the Sadara Complex (which, given the limited availability of specific performance and the inability to exercise self-help remedies under the laws of the Kingdom, is unlikely) the Sadara Complex may be inoperable without the co-operation of Saudi Aramco, Dow and Dow's affiliates given their roles as key suppliers and marketers to the Project. There can therefore be no assurances that in an enforcement scenario, the Senior Financing Participants will realise the full value of the Security. The deficiencies in the Onshore Security Documents, such as those described above, from which the Senior Financing Participants (including the Issuer) benefit could mean that, following the occurrence of an Event of Default or Fundamental Event of Default and the enforcement of the Security, fewer proceeds of enforcement may be available in which the Senior Financing Participants can share. This could lead to a material insufficiency in the funds available to the Issuer to make payment of all amounts due and payable by it under the Certificates.

*Saudi Aramco, in its capacity as a trade creditor to Sadara as Feedstock Supplier, is a Secured Party. This is an unusual position for a trade creditor to enjoy in a project financing:*

Saudi Aramco, in its capacity as Feedstock Supplier, will be a Secured Party under the Intercreditor Agreement. Subject to the below, the Feedstock Supplier would be secured:

- (a) in priority to the Senior Financing Participants in respect of the proceeds from the enforcement of the Onshore Security Documents which would be applied to discharge the Feedstock Supplier Amount; and the Senior Financing Participants in respect of the Feedstock Supplier Amount; and
- (b) to the extent applicable, in respect of the proceeds from the enforcement of the Offshore Security Proceeds, on a subordinated basis to the other Secured Parties in relation to the Excess Feedstock Supply Amount and any amounts of the Feedstock Supplier Amount not discharged from the proceeds from the enforcement of the Onshore Security Documents referred to in paragraph (a) above.

As mentioned in the risk factor entitled “*Risks associated with “split-closing”*” the Finance Documents contemplate a split-closing whereby the Certificateholders will provide funding to the Issuer prior to the incurrence by Sadara of the Initial Senior Debt (other than the Sukuk Facility) on and from the Second Financial Close. As part of the on-going negotiations with the ECAs with respect to the intercreditor arrangements it is likely that certain amendments will be made to the Intercreditor Agreement. For example, there is a possibility that if the ECAs require that the Feedstock Supplier is not a Secured Party with respect to the Offshore Security Documents, amendments to the Intercreditor Agreement may be required prior to the First Financial Close and the Second Financial Close – in this case, paragraph (b) above would not be applicable.

As a Secured Party, Saudi Aramco will be bound by substantially the same terms as all the other Secured Parties pre- and post-enforcement pursuant to the Intercreditor Agreement although the Feedstock Supplier will only have limited voting rights with respect to intercreditor decision-making.

The other Senior Financing Participants will not be able to fetter or have control over Saudi Aramco's right to suspend deliveries of feedstock pursuant to the Feedstock Supply Agreements. However any such suspension would, subject to the materiality tests and the expiry of applicable cure periods, give rise to an Event of Default and, subject to an intercreditor vote under the Intercreditor Agreement, permit the Senior Financing Participants to “step-in” under the relevant Notice and Acknowledgment of Assignment (as the case may be).

*Except in limited circumstances Sadara controls the application of its cash flow through the contractual cash waterfall:*

The contractual cash waterfall contained in the Accounts Agreement (as more particularly described in the section of this Prospectus entitled “*Summary of the Principal Finance Documents – Accounts Agreement*”) governs the application by Sadara of all sums standing to the credit of, among others, the Offshore Revenues

Account and the Onshore Revenues Account, prior to the taking of any Enforcement Action. Except in certain limited circumstances, Sadara, and not an independent third party, controls the application of the cashflows through the contractual cash waterfall, as well as the payment of cash into and out of all of its Project Accounts, including the Debt Service Account and the Debt Service Reserve Account. Sadara will continue to be entitled to freely withdraw or transfer amounts from and to the Project Accounts, in accordance with the cash waterfall and the relevant provisions of the Accounts Agreement until the issuance of a Blocking Notice as further described below.

After the Project Completion Date and subject to the occurrence of certain other conditions (as more particularly described in the section of this Prospectus entitled “*Summary of the Principal Finance Documents – Accounts Agreement*”), Sadara may transfer money to the Distributions Account (from where it is available to make Distributions to its shareholders) at any time. The Distributions Account is not secured in favor of the Secured Parties. As debt service payments are made every six months, there is no guarantee that on the relevant six monthly payment date Sadara will have sufficient funds for the entire six-month period in the Debt Service Account to meet its debt service requirements, notwithstanding the fact that Sadara was permitted to move money into the Distributions Account intra-period.

Upon the occurrence of an Event of Default, the Intercreditor Agent may issue a Blocking Notice if so instructed, acting in accordance with the Intercreditor Agreement. If the Intercreditor Agent has issued a Blocking Notice to Sadara then, without prejudice to the Secured Parties’ rights under the Security Documents, until the Intercreditor Agent notifies Sadara and the Account Banks that such Blocking Notice has been revoked, withdrawals from the Project Accounts (other than the Distributions Account) may only be made with the prior consent of the Intercreditor Agent, and the Intercreditor Agent may direct the Account Banks (on behalf of Sadara) to make payments of any due but unpaid amounts under the Facilities, save for the cash waterfall applicable to the Offshore Revenues Account and the Onshore Revenues Account which permits certain payments during the continuance of an Event of Default. The Intercreditor Agent will notify Sadara (copied to the Account Banks) that such Blocking Notice has been revoked promptly upon becoming aware that there is no Event of Default outstanding.

*Sadara is permitted to retain significant amounts of cash onshore in The Kingdom during each semi annual period:*

Pursuant to the provisions of the Accounts Agreement, Sadara is generally required on the last Business Day of each calendar month to transfer to the Offshore Revenues Account the balance standing to the credit of the Onshore Revenues Account. This transfer is intended to give the Senior Financing Participants comfort that funds standing to the credit of the Offshore Revenues Account and the Onshore Revenues Account are, to the extent possible, held offshore in an account secured for the benefit of the Secured Parties under English law. However, this general position is subject to the exception that Sadara will be entitled to retain in the Onshore Revenues Account, an amount not exceeding all Operating Costs estimated to be payable in The Kingdom in the following 60 days. For a full summary of the provisions of the Accounts Agreement, please see further the section of this Prospectus entitled “*Summary of the Principal Finance Documents – Accounts Agreement*”.

These amounts in the 60 day period may be significant. Should an Event of Default or a Fundamental Event of Default occur and Enforcement Action be taken while such sums stand to the credit of the Onshore Revenues Accounts, the uncertainty as to the enforceability of the security interests created by the Onshore Security over Accounts Agreement over the Onshore Revenues Account mean that the ability of the Secured Parties (acting through the Onshore Security Agent) to appropriate such money may be impaired. As a result, funds available to repay all amounts outstanding under the Facilities (including the Sukuk Facility) may be materially reduced, thereby reducing the funds available to the Issuer to make payment under the Certificates.

For a discussion of the possible deficiencies in the security taken over Sadara’s assets under the Facilities including in The Kingdom, see further the risk factor above entitled “*Security granted by Sadara for the Senior Debt (including the Sukuk Facility) is limited, and its enforceability is subject to some uncertainty*”.

*Sadara is relying on projections and underlying assumptions:*

Sadara’s financing arrangements under the Facilities have been structured on the basis of certain assumptions and projections with respect to, *inter alia*, the Project’s future revenue generating capacities, the costs associated

with the construction and operation of the Sadara Complex over the term of the Senior Debt (including the Sukuk Facility) and the financing costs associated with the Senior Debt. The Technical and Environmental Consultant has prepared the Technical Report, a summary of the key conclusions of which is included in this Prospectus as Appendix 5 and which contains a limited review of the Financial Model. Investors should review this summary and also the Technical Report in its entirety (which is made available for inspection at the Specified Office of the Certificateholders' Agent (HSBC Saudi Arabia Limited, HSBC Head Office, Olaya Road, Al-Murooj District, P.O. Box 9084, Riyadh 11413, The Kingdom) in accordance with the section of this Prospectus entitled "*General Information*").

For the purposes of preparing the Financial Model and the Technical Report, certain assumptions were made as described above, and also with respect to the current and future performance of Sadara's facilities, capital expenditures, feedstock costs, operation and maintenance expenditures, prices realized for the Products, annual sales volumes of the Products, labor costs, maintenance costs, outstanding indebtedness from time to time and several other material contingencies and other matters that are not within the Issuer's control, and the outcome of which cannot be predicted with certainty or absolute accuracy. These assumptions and the other assumptions used in preparing the Financial Model and the Technical Report are inherently subject to significant uncertainties and actual results will differ, perhaps materially, from those projected. None of the Issuer, Sadara, the Sponsors, DEH, the Technical and Environmental Consultant, or the Model Auditor can give any assurance that these assumptions are correct or that these projections and estimates will reflect actual results of operations.

When incurring certain types of Additional Senior Debt, specifically Replacement Debt and Supplemental Debt which is incurred within 12 months after Financial Close, Sadara is not required to update its assumptions when preparing a revised Financial Model as a condition to incurring such debt.

Accordingly, both the Financial Model and the other forward-looking information contained in the Technical Report are not necessarily indicative of current values or future performance. Therefore, no representation is made or intended, nor should any be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective investors are cautioned not to place undue reliance on the Financial Model or the Technical Report. If actual results are materially different from those indicated or if the assumptions used in formulating the Financial Model or Technical Report prove to be materially incorrect, this could indicate a material difference in Sadara's Operating Revenues, financial position and results of its operations from that projected by the Financial Model. In turn, this could lead to a material reduction in the funds available to Sadara to meet its obligations to make payments to the Issuer under the Sukuk Transaction Documents and, accordingly, available to the Issuer to make payment of all amounts due and payable by it under the Certificates.



## Terms and Conditions of the Certificates

The following are the terms and conditions applicable to the Certificates in the form in which they will be scheduled to the Declaration of Agency at schedule 2 (*Terms and Conditions of the Certificates*) thereof.

Each of the SAR Certificates due on the Scheduled Termination Date (the **Certificates**) is issued by Sadara Basic Services Company (the **Issuer**).

Payments relating to the Certificates will be made pursuant to a sukuk payments administration agreement dated on or before the Closing Date (as defined in Condition 6.2 (*SAIBOR Determination*)) (the **Sukuk Payments Administration Agreement**) made between, among others, the Issuer, Sadara, HSBC Saudi Arabia Limited (in such capacity, the **Certificateholders' Agent**) and HSBC Saudi Arabia Limited as Payments Administrator (in such capacity, and, together with any further or other payments administrators appointed from time to time in respect of the Certificates, the **Payments Administrator**).

The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Finance Documents (as defined in the Declaration of Agency and certain of which are detailed in Condition 4.1 (*Sukuk Assets*)). In these Conditions, words and expressions defined in, or whose definition is incorporated by reference into, the Sukuk Declaration of Agency shall have the same meanings herein. In addition, rules of construction or interpretation set out in the Sukuk Declaration of Agency (including under clause 1.2 thereof) will apply to these Conditions *mutatis mutandis*, as if the same were set out in full herein. Copies of the Finance Documents are available for inspection in accordance with the section of this Prospectus entitled "*General Information*". The Certificateholders are deemed to have notice of and are bound by all the provisions of the Finance Documents applicable to them.

Each Certificateholder, by its subscription for, acquisition of, or holding of its interest in a Certificate, shall be deemed to: (i) authorize and direct the Issuer, on behalf of the Certificateholders, to apply the sums paid by it in respect of its Certificates in purchasing a *pro rata* proportion of the Sukuk Assets (as defined in Condition 4.1 (*Sukuk Assets*)); (ii) have confirmed the appointment of the Certificateholders' Agent as its agent in relation to the Certificates on the terms set out in the Sukuk Declaration of Agency and these Conditions, and the Issuer Security Agents as its agent on the terms set out in the Issuer Security Documents and these Conditions; (iii) have confirmed the appointment of the Issuer as its agent in relation to the Sukuk Assets on the terms set out in the Sukuk Declaration of Agency and these Conditions; (iv) have ratified and accepted the entry by the Issuer, the Certificateholders' Agent and the Issuer Security Agents into the Finance Documents to which they are each a party; (v) have authorised the entry by the Issuer of any amendments to, or restatement of, the Global Common Terms Agreement and the Intercreditor Agreement, and to have agreed to be bound by the terms of the aforementioned agreements (as amended and restated) and any other Finance Document proposed to be amended, in each case, without requiring the Certificateholders' Agent's instructions prior to the Issuer's entry into such amendment or restatement, subject to Sadara and the Issuer delivering a Sukuk Consent Matters and Undertakings Certificate at least 7 days before the Second Signing Date (as defined in the GCTA), in accordance with clause 7.1(p) of the Sukuk Declaration of Agency; and (vi) have agreed as set out in Condition 3.5 (*Agreement of Certificateholders*).

### 1. FORM, DENOMINATION AND TITLE

#### 1 - 1 Form and Denomination:

The Certificates are issued in registered form in denominations of SAR50,000 and integral multiples of SAR50,000 in excess thereof, subject to a minimum subscription amount of SAR1 million. Transfers of Certificates shall be permitted as further set out in these Conditions, *provided that*, from and including the Closing Date to and including the date falling six months after the Closing Date, any holding of Certificates by a Certificateholder shall be, from time to time, in an amount not less than SAR1 million in aggregate (save where the Certificateholder is transferring its entire holding of Certificates). On issue, the Certificates will be represented by a Global Certificate which will be deposited with the Certificateholders' Agent. Individual certificates representing holdings of the Global Certificate will not be issued, but Certificateholders will on request be entitled to receive a statement from The Saudi Stock Exchange Company (Tadawul) (the **Registrar**) recording their holding of Certificates as set out in the Register. The Global Certificate will represent all of the Certificates that are outstanding and the ownership by the Certificateholders of an undivided beneficial ownership interest in the Sukuk Assets.

## 1 - 2 Title:

The Registrar will maintain a Register in respect of the Certificates in accordance with the provisions of the Registry Agreement. The duly registered holder of any Certificate will (except as otherwise required by law) be treated as the absolute owner of such Certificate(s) for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate) and no person will be liable for so treating the holder of any Certificate. The duly registered holder of a Certificate will be recognized by the Issuer as entitled to his Certificate free from any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate holder of such Certificate. In these Conditions, Certificateholder and (in relation to a Certificate) holder have the meanings given thereto in the Sukuk Declaration of Agency.

## 2. TRANSFERS OF CERTIFICATES:

### 2 - 1 Transfers:

Subject to Conditions 2.3 (*Closed Periods*) and 2.4 (*Regulations*) and the provisions of the Sukuk Payments Administration Agreement, Certificates may only be transferred in integral multiples of SAR50,000, and *provided that*, from and including the Closing Date to and including the date falling six months after the Closing Date, any holding of Certificates by a Certificateholder shall be, from time to time, in an amount of not less than SAR1 million in aggregate (save where such Certificateholder is transferring its entire holding of Certificates) and in accordance with the rules and procedures of the Registrar by delivering to the Registrar such information as such regulations and procedures require.

A Certificate may only be transferred to a person who is: (a) a natural person who is a national of The Kingdom of Saudi Arabia (**The Kingdom**) or (b) any other legal person with a permanent establishment in The Kingdom holding a current commercial registration number issued by the Ministry of Commerce and Industry (or any successor), and which, in the case of either paragraph (a) or (b), maintains a bank account in The Kingdom and is outside of the United States of America.

### 2 - 2 Charges:

The transfer of Certificates will be subject to a charge by the Registrar and such charges shall be borne solely by the transferor and transferee in accordance with the Registrar's rules and procedures. For the avoidance of doubt, neither the Issuer nor the Certificateholders' Agent shall be liable to pay any such charges imposed by the Registrar. No additional charges will be imposed on the Issuer or the Certificateholders' Agent on the transfer of Certificates.

### 2 - 3 Closed Periods:

No Certificateholder may require the transfer of a Certificate to be registered during the period of five days prior to and ending on (and including) the due date for any payment of the Termination Distribution Amount (as defined in Condition 8.1 (*Scheduled Termination*)), any Periodic Distribution Amount (as defined in Condition 6.2 (*SAIBOR Determination*)), any Fixed Distribution Amounts (as defined in Condition 8.6 (*Partial Redemption*)), any Early Distribution Amounts (as defined in Condition 8.6 (*Partial Redemption*)), and / or the Additional Early Payment Amount (as defined in Condition 8.3(c) (*Early Termination at the Option of the Issuer*)).

### 2 - 4 Regulations:

All transfers of Certificates and entries on the Register will be made subject to the regulations and procedures of the Registrar and the provisions of collectively, the registry agreement, the listing agreement and the issuer data uploading agreement each to be dated on or before the Closing Date between the Issuer and the Registrar (the **Registry Agreement**). Such regulations and procedures may be changed by the Registrar at any time.



### 3. STATUS, SECURITY, COMPLETION GUARANTEES AND LIMITED RECOURSE:

#### 3 - 1 Status:

The Certificates constitute undivided beneficial ownership interests in the Sukuk Assets, representing direct, secured, unconditional and, subject to the priority of distributions specified in Condition 4.2 (*Application of Proceeds from the Sukuk Assets*), unsubordinated obligations of the Issuer, and will at all times rank *pari passu*, without any preference or priority, among themselves.

#### 3 - 2 Security:

The obligations of the Issuer under the Certificates will be secured in the manner set out in the Issuer Security Documents. The rights of the Issuer under the Finance Documents to which it is a party are, together with the other assets of the Issuer, secured in favor of the Issuer Security Agents (as defined in Condition 4.1 (*Sukuk Assets*)) pursuant to the Issuer Security Documents. This security may be enforced only in accordance with its terms. Following the enforcement of such security, the Issuer Security Agents may direct the Issuer in the enforcement of its rights under the Finance Documents to which it is a party, or exercise these rights in their own name as duly authorised attorneys of the Issuer.

For as long as any Certificates remain outstanding, the Issuer Security Agents will seek and act on the instructions of the Certificateholders' Agent. Only the Issuer Security Agents may enforce the Encumbrances under the Issuer Security Documents, and other than the Certificateholders' Agent, who may take such action as permitted pursuant to the Sukuk Declaration of Agency and these Conditions (and the other Finance Documents to the extent applicable), only the Issuer Security Agents may institute proceedings against the Issuer in accordance with the Intercreditor Agreement to enforce the rights of the Issuer Secured Parties against the Issuer, whether the same arise under general law, the Issuer Security Documents or the other Finance Documents or otherwise. None of the other Issuer Secured Parties shall be entitled to take any action which the Issuer Security Agents are obliged or empowered to take, unless the Issuer Security Agents, having become bound to proceed, fail or neglect to do so. For as long as any Certificates remain outstanding, if the Issuer Security Agents, having become bound to proceed fail or neglect to do so, then only the Certificateholders may take action, and they may only do so subject to and in accordance with Conditions 13.2 and 13.4 (*Enforcement and Exercise of Rights*), and the equivalent provisions of the Sukuk Declaration of Agency, and the other Issuer Secured Parties may not take action.

#### 3 - 3 Completion Guarantees:

Prior to and excluding the Project Completion Date, the obligations of Sadara to the Issuer under the Finance Documents (including, for the avoidance of doubt, the Sukuk Musharaka Agreement, the Sukuk Forward Lease Agreement, the Sukuk Service Agency Agreement and the Sukuk Costs Undertaking) are unconditionally and irrevocably guaranteed by the Completion Guarantors pursuant to the Completion Guarantees granted by Saudi Aramco and DEH (and Dow further, pursuant to the Dow Secondary Completion Guarantee, guarantees DEH's payment obligations under the DEH Primary Completion Guarantee). These payment obligations of the Completion Guarantors under the Completion Guarantees will rank at least *pari passu* in right of priority and payment with the claims of all of each of their respective other unsecured and unsubordinated obligations (except for obligations mandatorily preferred by law or regulation applying to companies generally). The proceeds received by or on behalf of the Issuer following a claim under the Completion Guarantees shall be paid by or on behalf of the Issuer into the Transaction Account (as defined in Condition 4.1 (*Sukuk Assets*)) for distribution to the Certificateholders in accordance with these Conditions after, if applicable, application of the sharing provisions relating to the proceeds of claims made under the Completion Guarantees pursuant to clause 14 (*Application of Proceeds of Completion Guarantees*) of the Intercreditor Agreement.

### 3 - 4 Limited Recourse:

The proceeds of the Sukuk Assets (which, after the Project Completion Date, shall not include the Completion Guarantees) are the sole source of payments on the Certificates. Save to the extent of the Sukuk Assets (once they have been enforced, realized and fully discharged), the Certificates do not represent an interest in or obligation of any of the Issuer, the Certificateholders' Agent, Sadara or the Completion Guarantors.

Sadara is obliged to make certain payments under the Finance Documents directly to the Issuer, and the Issuer has rights against Sadara to recover such payments, subject to the provisions of, and to the restrictions contained in, the Finance Documents. Prior to the Project Completion Date, the Completion Guarantors may be obliged to make certain payments under the Completion Guarantees to the Issuer, and the Issuer has rights against the Completion Guarantors to recover such payments, subject to the provisions thereof and to the restrictions contained in the Finance Documents.

### 3 - 5 Agreement of Certificateholders:

By subscribing for, acquiring or holding Certificates, each Certificateholder is deemed to have agreed that notwithstanding anything to the contrary contained in these Conditions or any Finance Document:

- (a) no payment of any amount whatsoever shall be made by or on behalf of the Issuer (acting in any capacity), other than from the proceeds of the Sukuk Assets and further agrees that no recourse shall be had for the payment of any amount owing hereunder or under any Finance Document, whether for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon the Finance Documents, against the Issuer (acting in any capacity), to the extent the proceeds of the Sukuk Assets have been enforced, realized and fully discharged following which all obligations of the Issuer (acting in any capacity) shall be extinguished, and the Issuer will have no liability to pay or otherwise make good any shortfall in the proceeds of the Sukuk Assets;
- (b) the rights of the Issuer to sell, assign, transfer or dispose of the Contribution Assets (as defined in the Sukuk Musharaka Agreement), the Project Assets (as defined in the Sukuk Procurement Agreement) and / or the Lease Assets (as defined in the Sukuk Forward Lease Agreement) (or, in each case, any part thereof) are strictly limited as set out in clause 2.10 of the Sukuk Musharaka Agreement and clause 11.8 of the Sukuk Forward Lease Agreement, that no Certificateholder shall have any recourse to the Project Assets and / or the Lease Assets other than in accordance with the Finance Documents;
- (c) it will not institute against, or join with any other person in instituting against, the Issuer (acting in any capacity), any winding-up, bankruptcy, reorganization, arrangement or liquidation proceedings or other proceedings under any bankruptcy or similar law for the appointment of a liquidator, receiver, administrator or similar official;
- (d) no recourse (whether by institution or enforcement of any legal proceeding or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Issuer (acting in any capacity), arising under or in connection with these Conditions and the Sukuk Declaration of Agency by virtue of any law, statute or otherwise shall be had against any shareholder, officer or director of the Issuer (acting in any capacity), in their capacity as such and any and all personal liability of every such shareholder, officer or director in their capacity as such for any breaches by the Issuer (acting in any capacity), of any such duty, obligation or undertaking is hereby expressly waived and excluded to the extent permitted by law save in the case of their negligence, wilful default or fraud;
- (e) in the event that the Issuer makes a payment to Certificateholders of an amount which it was, or becomes, obliged to pay to the Intercreditor Agent or the Offshore Security Trustee and Agent, as applicable, in accordance with the terms of clause 16 (Sharing) of the Intercreditor Agreement, each Certificateholder acknowledges that such amount should not have been paid to them by or on behalf of the Issuer, and that the Intercreditor Agent shall be entitled to request from it its pro rata share of such amount, subject to receipt by such Certificateholder of such evidence as it may reasonably require of the Issuer's obligation to turn over such amount and the calculation thereof;
- (f) it consents to and instructs the entry by the Issuer and Sadara (in its capacity as Managing Partner) or as the case may be, the Authorised Agent on behalf of the Managing Partner and

the Partners (as defined in the Sukuk Musharaka Agreement) into, inter alia, the Finance Documents to which they are each a party, including in particular the Sukuk Musharaka Agreement, the Sukuk Forward Lease Agreement, the Sukuk Procurement Agreement, the Sukuk Service Agency Agreement and the Sukuk Costs Undertaking, each on the terms thereof as at the Closing Date, and the performance by each of them of such agreements in accordance with their terms, including (without limitation) the assignment by the Issuer to the Managing Partner of, and the grant of authority by the Issuer to the Managing Partner with respect to, its rights, benefit and entitlement relating to the Contribution Assets as further provided for in clause 2.6 of the Sukuk Musharaka Agreement;

- (g) it has full capacity, power and authority to acquire and own the Certificates and to have appointed the Certificateholders' Agent and the Issuer as its agent upon and subject to the terms of these Conditions and the Sukuk Declaration of Agency;
- (h) the rights of the Issuer, the Certificateholders' Agent, the Issuer Security Agents and the Certificateholders under the Certificates and the other Finance Documents are in certain circumstances subject to provisions contained in the Finance Documents. Certificateholders should inform themselves about the provisions of these documents, which are summarized in detail in the Prospectus, and made available (in copies) for inspection by prospective Certificateholders, for 20 days before the Closing Date and, thereafter, for so long as any amounts remain payable under the Certificates, by Certificateholders during normal business hours on any weekday (excluding Thursdays and Fridays and public holidays) at the specified office of the Certificateholders' Agent, (HSBC Saudi Arabia Limited, HSBC Head Office, Olaya Road, Al-Murooj District, P.O. Box 9084, Riyadh 11413, The Kingdom); and
- (i) it is located outside of the United States of America.

#### 4. SUMMARY OF THE SUKUK ASSETS:

##### 4 - 1 Sukuk Assets:

Pursuant to the Sukuk Declaration of Agency, the Issuer will hold the following assets (the **Sukuk Assets**) as agent for the Certificateholders *pro rata* according to their respective holdings of Certificates:

- (a) all of the Issuer's rights, title, interest and benefit, present and future, in, to and under the Finance Documents to which it is a party or under which it is a beneficiary or otherwise has any such rights, title, interest and benefit;
- (b) all monies which may now be, or hereafter from time to time are, standing to the credit of the transaction account, being an account in the name of the Issuer with account number 2680319370 and IBAN number SA90 4000 0000 0026 8031 9370 (the **Transaction Account**); and
- (c) all proceeds of the foregoing.

The **Finance Documents** comprise the following:

- (i) the sukuk declaration of agency dated on or before the Closing Date between, among others, the Issuer, Sadara and the Certificateholders' Agent (the **Sukuk Declaration of Agency**);
- (ii) the Sukuk Payments Administration Agreement;
- (iii) the sukuk issuer security agency agreement dated Agency on or before the Closing Date entered into between the Issuer, the Certificateholders' Agent, the Payments Administrator and the other agents named therein;
- (iv) the sukuk offshore issuer charge and assignment deed dated on or before the Closing Date between, among others, the Issuer, the Certificateholders' Agent and HSBC Corporate Trustee Company (UK) Limited (as **Offshore Issuer Security Agent**) (the **Sukuk Offshore Issuer Charge and Assignment Deed**);
- (v) the sukuk onshore issuer assignment agreement dated on or before the Closing Date between, among others, the Issuer, the Certificateholders' Agent and Saudi Hollandi Capital (as **Onshore Issuer Security Agent**, together with the Offshore Issuer Security Agent, the **Issuer Security Agents**) (the **Sukuk Onshore Issuer Assignment Agreement**);

- (vi) the sukuk onshore issuer security over account agreement dated on or before the Closing Date between, among others, the Issuer, the Certificateholders' Agent and the Onshore Issuer Security Agent (the **Sukuk Onshore Issuer Security Over Account Agreement**, together with the documents in (iv) and (v), the Issuer Security Documents);
- (vii) the Registry Agreement in relation to the Certificates;
- (viii) the costs undertaking dated on or before the Closing Date executed by Sadara in favor of the Issuer (the **Costs Undertaking**) under which it makes undertakings in relation to the Issuer's obligation to pay any additional amounts pursuant to Condition 10 (Taxation) and to amounts owing to:
  - (A) (excluding, in all cases, any affiliate of the Issuer other than Sadara) any professional services firm or service provider (including but not limited to accounting firms), or any regulatory or statutory body (including but not limited to the Authority, and Tadawul, acting as Registrar or otherwise), or any tax authority (including without limitation, the DZIT), or other body or entity of an analogous nature, or any employee of the Issuer (each a **Third Party**) in each case to whom the Issuer is (a) obliged, pursuant to any agreement (a **Relevant Agreement**) entered into by the Issuer and such person; (i) to pay the fees and expenses properly incurred by such person; and / or (ii) to indemnify such person against any amounts incurred by it, in each case where the Relevant Agreement has been entered into in connection with the Issuer's corporate existence, obligations under any Applicable Law or regulation or in connection with the issuance by the Issuer of the Certificates; or (b) obliged to make any payment of fees, costs, expenses, Taxes or any other amount whatsoever in connection with the Issuer's ongoing corporate existence, obligations under any Applicable Law or regulation, or in connection with the issuance by the Issuer of the Certificates;
  - (B) each of the Certificateholders' Agent, the Payments Administrator, each Issuer Security Agent, the Onshore Issuer Account Bank, any agent or delegate appointed by the Issuer Security Agents in accordance with the Issuer Security Documents and any appointee appointed by the Certificateholders' Agent in accordance with the Sukuk Declaration of Agency (each a **Service Provider**); and
  - (C) the Intercreditor Agent and each Security Agent;
- (ix) the sukuk split-closing undertaking agreement dated on or before the Closing Date between Sadara, the Issuer and the Certificateholders' Agent (the **Sukuk Split-Closing Undertaking Agreement**);
- (x) the sukuk consent matters and undertakings certificate (the form of which is included at schedule 1 (*Sukuk Consent Matters and Undertakings Certificate*) of the **Sukuk Split-Closing Undertaking Agreement**) (the **Sukuk Consent Matters and Undertakings Certificate**), if any, which may be delivered by Sadara and the Issuer to the Certificateholders' Agent at least 7 days before the Second Signing Date;
- (xi) the DEH primary completion guarantee dated on or before the Closing Date between DEH and the Offshore Security Trustee and Agent (the **DEH Primary Completion Guarantee**);
- (xii) the Saudi Aramco completion guarantee dated on or before the Closing Date between Saudi Aramco and the Offshore Security Trustee and Agent (the **Saudi Aramco Completion Guarantee**);
- (xiii) the Dow secondary completion guarantee dated on or before the Closing Date between Dow and the Offshore Security Trustee and Agent (the **Dow Secondary Completion Guarantee**);
- (xiv) the sukuk musharaka agreement dated on or before the Closing Date between, among others, the Issuer, Sadara and the Certificateholders' Agent (the **Sukuk Musharaka Agreement**);

- (xv) the sukuk forward lease agreement dated on or before the Closing Date between, among others, the Issuer, Sadara and the Certificateholders' Agent (the **Sukuk Forward Lease Agreement**);
- (xvi) the sukuk procurement agreement dated on or before the Closing Date between, among others, Sadara and the Issuer (the **Sukuk Procurement Agreement**);
- (xvii) the sukuk service agency agreement dated on or before the Closing Date between, among others, Sadara and the Issuer (the **Sukuk Service Agency Agreement**);
- (xviii) the intercreditor agreement dated on or before the Closing Date between, among others, Sadara, the Issuer and Deutsche Bank Trust Company Americas (the **Intercreditor Agent**) (the **Intercreditor Agreement**);
- (xix) the global common terms agreement dated on or before the Closing Date between, among others, Sadara and the Intercreditor Agent (the **GCTA**);
- (xx) the accounts agreement dated on or before the Closing Date between Sadara, each Account Bank, the Intercreditor Agent and each Security Agent (the **Accounts Agreement**);
- (xxi) each of the Security Documents (as defined in the GCTA);
- (xxii) each Direct Agreement (as defined in the GCTA);
- (xxiii) each Notice and Acknowledgement of Assignment (as defined in the GCTA);
- (xxiv) each of the Facility Agreements (as defined in the GCTA);
- (xxv) each Hedging Agreement (as defined in the GCTA);
- (xxvi) any Expansion Debt Documents (as defined in the GCTA);
- (xxvii) any Replacement Debt Documents (as defined in the GCTA);
- (xxviii) any Additional CapEx Debt Documents (as defined in the GCTA);
- (xxix) any Supplemental Debt Documents (as defined in the GCTA);
- (xxx) any Buy-Down Supplemental Debt Documents (as defined in the GCTA);
- (xxxi) any Fee Letter (as defined in the GCTA);
- (xxxii) the PIF Undertaking Agreement (as defined in the GCTA);
- (xxxiii) the principal promissory note dated on or before the Closing Date executed by Sadara and the commission promissory note dated the Closing Date executed by Sadara (together with each replacement therefor issued pursuant to the GCTA); and
- (xxxiv) any other document designated a "Finance Document" by the Intercreditor Agent for the purposes of the GCTA in respect of which the Issuer has (or will have) rights or entitlements.

#### 4 - 2 Application of Proceeds from the Sukuk Assets:

- (a) On each Periodic Distribution Date and any Termination Date (in each case prior to the Enforcement Action Date (as defined in the Issuer Security Documents)), the Payments Administrator shall, to the extent permitted by Applicable Law, apply any monies standing to the credit of the Payments Administrator Designated Account in the following order of priority:
  - (i) *first*, to the extent not previously paid, *pari passu* and rateably to each Service Provider and each entity referred to in clause 2.5 (Undertakings) of the Sukuk Costs Undertaking to which the Issuer is liable to make a payment, in each case in respect of the amounts owing to each of them under the Finance Documents or otherwise in their respective capacities;
  - (ii) *second*, to the extent not previously paid, *pari passu* and rateably to each Third Party to which the Issuer is liable to make a payment, in each case in respect of the amounts owing to each of them under the Finance Documents or otherwise in their respective capacities;
  - (iii) *third*, on a Periodic Distribution Date for application in or towards payment *pari passu* and rateably of the Periodic Distribution Amount then due;
  - (iv) *fourth*, on a Periodic Distribution Date for application in or towards payment *pari*



- passu and rateably of the Fixed Distribution Amounts, Early Distribution Amounts (if any) and / or any and all amounts payable under or in connection with the Certificates which are not otherwise referred to in paragraphs (i) to (iii) (inclusive) above or (v) below (if any) then due;
- (v) *fifth*, on a Termination Date, for application in or towards payment *pari passu* and rateably of the Termination Distribution Amount, the Additional Early Payment Amount (if any) and, where applicable, any Additional Termination Distribution Amount; and
  - (vi) *sixth*, on each Periodic Distribution Date and on any Termination Date, subject to the by-laws of the Issuer and the laws of The Kingdom, for transfer of any remaining amounts on deposit to the Onshore Revenues Account (as defined in the Accounts Agreement).
- (b) The Issuer, the Certificateholders' Agent and the Certificateholders agree and confirm that a transfer to the Onshore Revenues Account under paragraph (vi) above, unless constituting a return of an unintentional overpayment or a mistaken payment of monies to the Issuer by Sadara, is made in consideration for the agreement by Sadara to participate in the transaction contemplated under the Finance Documents.
  - (c) The Issuer agrees that it will not issue any instructions to the Payments Administrator that conflict with the instructions set out above and further agrees that any contrary instructions it may give to the Payments Administrator shall constitute a breach of these Conditions.
  - (d) On any other date on which the amounts specified in (i) to (vi) above become due and payable (in each case prior to the Enforcement Action Date) they shall be paid, in accordance with the foregoing order of priority in Condition 4.2(a) above, by the Onshore Issuer Account Bank from the sums (other than the Share Capital Amount) standing to the credit of the Transaction Account (without, for the avoidance of doubt, any transfer to the Payments Administrator Designated Account in accordance with clause 5.2 (*Accounts and Payments*) of the Sukuk Payments Administration Agreement) above.
  - (e) On and following the Enforcement Action Date, unless on such date, the Certificates have not become due and payable in full under Condition 12 (*Termination Event*) (in which case Condition 4.2(a) above shall continue to apply until the Certificates have so become due and payable) the Issuer Security Agents (or the Payments Administrator at their direction) shall, to the extent permitted by Applicable Law, apply all amounts on deposit in the Transaction Account (other than a sum equal to the Share Capital Amount) and the Payments Administrator Designated Account and all moneys received by them pursuant to or in connection with the enforcement of the Issuer Security Documents (other than a sum equal to the Share Capital Amount) as follows:
    - (i) *first*, to the extent not previously paid, *pari passu* and rateably to each Service Provider and each entity referred to in clause 2.5 (Undertakings) of the Sukuk Costs Undertaking to which the Issuer is liable to make a payment, in each case in respect of the amounts owing to each of them under the Finance Documents or otherwise in their respective capacities;
    - (ii) *second*, to the extent not previously paid, *pari passu* and rateably to each Third Party to which the Issuer is liable to make a payment, in each case in respect of the amounts owing to each of them under the Finance Documents or otherwise in their respective capacities;
    - (iii) *third*, for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts accrued but unpaid;
    - (iv) *fourth*, for application in or towards payment *pari passu* and rateably (to the extent not paid under paragraph (iii) above) of the Termination Distribution Amount, Additional Early Payment Amount (if any) and, where applicable, any Additional Termination Distribution Amount due but unpaid and / or any and all amounts payable under or in connection with the Certificates which are not otherwise referred to in paragraph (i) to (iii) (inclusive) above (if any); and
    - (v) *fifth*, subject to the by-laws of the Issuer and the laws of The Kingdom, for transfer of any remaining amounts on deposit to the Onshore Revenues Account.



- (f) The Issuer, the Certificateholders' Agent and the Certificateholders agree and confirm that a transfer to the Onshore Revenues Account under paragraph (v) above, unless constituting a return of an unintentional overpayment or a mistaken payment of monies to the Issuer by Sadara, is made in consideration for the agreement by Sadara to participate in the transaction contemplated under the Finance Documents.
- (g) In these Conditions, **Share Capital Amount** means the sum equal to SAR2,000,000 deposited in the Transaction Account representing the Issuer's paid up share capital as at the Closing Date or any other amount from time to time which is the minimum share capital required under the laws of The Kingdom, *provided that* any such change shall have been approved in advance by the Intercreditor Agent.

## 5. COVENANTS:

**5 - 1** The Issuer covenants that, for so long as any Certificate is outstanding, it will not (without the prior written consent of the Certificateholders' Agent in its discretion or acting upon the instructions of the Certificateholders by way of Extraordinary Resolution, together with the consent of the Intercreditor Agent):

- (a) (i) incur any indebtedness in respect of borrowed money whatsoever; (ii) make any loans or investments or grant any credit; or (iii) give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) or any other Certificates except as permitted or contemplated in the Finance Documents;
- (b) grant or permit to subsist any mortgage, lien, pledge, charge or other security interest upon any of its present or future undertaking or assets, properties or revenues (other than those required or arising by operation of law) except, in all cases, as permitted or contemplated in the Finance Documents;
- (c) sell, lease, transfer, assign, participate, exchange, invest, part with or otherwise dispose of, or grant any option over, any part of its interest in any of the Sukuk Assets except, in all cases, as permitted or contemplated in the Finance Documents;
- (d) acquire any assets other than as permitted or contemplated under or in connection with the Finance Documents;
- (e) subject to Condition 15 (*Meetings of Certificateholders, Modification, Waiver, Authorization and Determination*): (i) amend or agree to any amendment of any Finance Document to which it is a party (other than (x) in accordance with the terms thereof or (y) where such amendment is to be effected prior to the Second Signing Date, the Certificateholders' Agent has been provided with a Sukuk Consent Matters and Undertakings Certificate at least 7 days prior to the Second Signing Date), except where required to do so under Applicable Law; or (ii) consent to any variation or novation of, or exercise any powers of consent or waiver pursuant to, the terms of any of the Finance Documents to which it is a party except, in all cases, as permitted or contemplated in the Finance Documents, including where such amendment is to be effected prior to the Second Signing Date, and the Certificateholders' Agent has been provided with a Sukuk Consent Matters and Undertakings Certificate at least 7 days prior to the Second Signing Date;
- (f) revoke, modify or condition the assignment by the Issuer to the Managing Partner of its rights, benefits and entitlements in respect of the Contribution Assets, made in accordance with clause 2.6 of the Sukuk Musharaka Agreement;
- (g) act as agent or trustee in respect of any assets other than the Sukuk Assets or in respect of any parties other than the Certificateholders;
- (h) have any subsidiaries or employees (other than officers of the Issuer or as may be required for the purposes of satisfying Applicable Law) or act as a director of any company;
- (i) save to the extent that such an undertaking would contravene any Applicable Law, create any reserves (from net profits or otherwise), redeem any of its shares or reduce its share capital or pay any dividend or make any other distribution to its shareholders or issue any further or new shares (of any kind), instruct the Onshore Issuer Account Bank to withdraw or transfer (in whole or in part) any of the Share Capital Amount from the Transaction Account or alter

- any rights attaching to its shares or otherwise increase its authorised share capital (whether or not issued and paid up);
- (j) consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to any other person except, in all cases, as permitted or contemplated in the Finance Documents;
  - (k) have an interest in any bank account (including directly or indirectly through any agent or other person having a beneficial interest in, or control over, a bank account on its behalf or on behalf of the Certificateholders, Sadara or any agent), other than the Transaction Account and the Payments Administrator Designated Account, unless such account or interest is pledged or otherwise secured in favor of the Issuer Security Agents on terms acceptable to the Issuer Security Agents and the opening of which has been approved by the Intercreditor Agent;
  - (l) other than, as required under Applicable Law, amend its by-laws or any of its other constitutional documents in any material respect;
  - (m) other than as permitted or contemplated by the Finance Documents (or any service contract entered into by the Issuer pursuant to clause 7.1(b) of the Sukuk Declaration of Agency), enter into any material contract, transaction, amendment, obligation or liability other than the Finance Documents to which it is a party and any permitted amendment or supplement thereto or as expressly permitted or contemplated thereunder unless the entry into thereof would not be materially prejudicial to the interests of the Certificateholders;
  - (n) engage in any business or activity other than as expressly provided for, permitted or contemplated in the Finance Documents; and
  - (o) claim for itself or any of its assets, immunity from suit, execution, attachment or other legal process in any proceedings in The Kingdom or elsewhere in connection with the Finance Documents.

Sadara has also given various positive and negative undertakings to the Issuer (as Sukuk Participant) and other parties pursuant to the GCTA, a copy of which is available for inspection as described in the section of this Prospectus entitled “General Information”.

## 6. PERIODIC DISTRIBUTION AMOUNTS:

### 6 - 1 Periodic Distributions:

Subject to Condition 4.2 (*Application of Proceeds from the Sukuk Assets*) and Condition 7 (*Payments*), the Issuer shall instruct the Payments Administrator to distribute to holders of the Certificates *pro rata* according to the face amount of their respective holdings of Certificates (as shown on the applicable record date (as defined in Condition 7.1 (*Payments in respect of the Certificates*)) as provided in Condition 7.6 (*Pro Rata Payments to Certificateholders*), out of amounts standing to the credit of the Payments Administrator Designated Account, a distribution in relation to the Certificates in arrear in same day funds on each Periodic Distribution Date equal to the applicable Periodic Distribution Amount (each as defined in Condition 6.2 below (*SAIBOR Determination*)).

### 6 - 2 SAIBOR Determination:

SAIBOR for each Return Accumulation Period or Additional Accrual Period (as the case may be) shall be determined by the Payments Administrator on behalf of the Issuer in accordance with the following provisions:

- (a) the Payments Administrator will determine SAIBOR, for a period equal to the relevant Return Accumulation Period or Additional Accrual Period (as the case may be), on the basis of the rate, which is displayed on the Reuters Screen SUAA Page, or if that page is replaced or that service ceases to be available the Payments Administrator may specify another page or service displaying appropriate rates, as at 11.00 a.m. (Riyadh time) on the SAIBOR Determination Date. If such rate does not appear on that page, the Payments Administrator will determine the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to it at its request quoted by the Reference Banks to leading banks in the Saudi Interbank Market.
- (b) If SAIBOR cannot be determined in accordance with the above provisions, the value of

SAIBOR for the forthcoming Return Accumulation Period or Additional Accrual Period (as the case may be) shall be as determined on the preceding SAIBOR Determination Date.

(c) The following terms used in these Conditions have the meanings set forth below:

**Additional Accrual Period** means a period equal to whichever is applicable of each Additional Lessee Termination Sum Period (as defined in the Sukuk Forward Lease Agreement) or each Additional Issuer Procurement Termination Sum Period (as defined in the Sukuk Procurement Agreement).

**Business Day** has the meaning given to such term in the GCTA.

**Closing Date** means a date specified as the Closing Date and published on the websites of the joint lead managers and joint bookrunners of the Certificates (such websites being [www.albiladinvest.com](http://www.albiladinvest.com), [www.alinmainvestment.com](http://www.alinmainvestment.com), [www.db.com/mena](http://www.db.com/mena) and [www.riyadcapital.com](http://www.riyadcapital.com)) and the Payments Administrator ([www.hsbcSaudi.com](http://www.hsbcSaudi.com)) and falling no later than three Business Days after the end of the Investor Presentation Period.

**Distribution Date** means the First Distribution Date and each 15 June and 15 December thereafter until and including the Final Distribution Date, *provided* in each case that if such date is not a Business Day, the relevant Distribution Date shall fall on the next day which is a Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is none).

**Final Distribution Date** means the earlier of (a) 15 December 2028 and (b) the 21st Payment Date falling after the First Repayment Date, or, if such day is not a Business Day, the next day which is a Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is none) or, if earlier, the date which is the Final Rental Payment Date as defined in the Sukuk Forward Lease Agreement.

**First Distribution Date** means 15 June 2013, *provided that* if such day is not a Business Day, the First Distribution Date shall fall on the next day which is a Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is none).

**Investor Presentation Period** means the period commencing on 16/3/2013G (expected to correspond to 4/5/1434H) and ending on 30/3/2013G (expected to correspond to 18/5/1434H) (or on such other date as is notified to the Authority).

**Margin** means the percentage rate per annum specified as the Margin and published on the websites of the Joint Lead Managers and Joint Bookrunners of the Certificates (such websites being [www.albiladinvest.com](http://www.albiladinvest.com), [www.alinmainvestment.com](http://www.alinmainvestment.com), [www.db.com/mena](http://www.db.com/mena) and [www.riyadcapital.com](http://www.riyadcapital.com)) and the Payments Administrator ([www.hsbcSaudi.com](http://www.hsbcSaudi.com)).

**Periodic Distribution Amount** means, in relation to the Certificates and for each Periodic Distribution Date, an amount equal to the product of: (i) the applicable SAIBOR rate for the Return Accumulation Period ending immediately before such Periodic Distribution Date, plus the Margin; (ii) the number of days in that Return Accumulation Period divided by 360; and (iii) the aggregate face amount of the Certificates outstanding on the first day of that Return Accumulation Period, after taking into account (a) any cancellations of the Certificates; and (b) any Fixed Distribution Amounts and / or Early Distribution Amounts in each case to be effected or paid on the Periodic Distribution Date falling immediately after such first day.

**Periodic Distribution Date** means the Business Day immediately following each Distribution Date.

**Reference Banks** means Riyadh Bank, The National Commercial Bank and The Saudi British Bank or such other banks as may be appointed by the Payments Administrator in consultation with Sadara.

**Return Accumulation Period** means the period from and including the Closing Date to but excluding the First Distribution Date, and each successive period from and including a Distribution Date to but excluding the next succeeding Distribution Date or, in the case of the final Return Accumulation Period, the Final Distribution Date.

**Sadara** means Sadara Chemical Company.

**SAIBOR** means, for each Return Accumulation Period or Additional Accrual Period (as the case may be), the Saudi Arabia interbank offered rate for SAR deposits for a period equal to the relevant Return Accumulation Period or Additional Accrual Period (as the case may be) determined in accordance with Condition 6.2 (*SAIBOR Determination*).

**SAIBOR Determination Date** means the second Business Day preceding the first day of each Return Accumulation Period or, in the case of an Additional Accrual Period, the first day of such period.

**Scheduled Termination Date** has the meaning given to such term in Condition 8.1 (*Scheduled Termination*).

### 6 - 3 Determination of Periodic Distribution Amounts:

The Payments Administrator will at or as soon as practicable after each time at which SAIBOR is to be determined, determine the Periodic Distribution Amount and any other amounts required to be determined by it, the Distribution Dates applicable to the relevant Return Accumulation Period, and the corresponding Periodic Distribution Date, all subject to and in accordance with these Conditions.

### 6 - 4 Notification of Periodic Distribution Amounts:

The Payments Administrator will cause its determination of the applicable SAIBOR rate, the Periodic Distribution Amount and the Periodic Distribution Date for each Return Accumulation Period to be notified to the Issuer, Sadara, the Certificateholders' Agent and any stock exchange on which the Certificates are for the time being listed and notice thereof to be published in accordance with Condition 14 (*Notices*) as soon as possible after their determination but in no event later than the first Business Day of the relevant Return Accumulation Period. Notice thereof shall also promptly be given to Certificateholders in accordance with Condition 14 (*Notices*). Each determination of the SAIBOR rate, Periodic Distribution Amount and any other amounts required to be determined by it and the Distribution Date and / or Periodic Distribution Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Return Accumulation Period or change in the aggregate face amount of the Certificates not known at the time of the initial calculation. Any such amendment will promptly be notified to the Issuer, the Certificateholders' Agent and each stock exchange on which the Certificates are for the time being listed and to the Certificateholders in accordance with Condition 14 (*Notices*) as soon as practicable after the determination of such amendment but in no event later than the fourth Business Day thereafter.

### 6 - 5 Certificates to be Final:

Any certificate or determination, given, expressed, made or obtained for the purposes of the provisions of this Condition by the Payments Administrator is, in the absence of wilful default, bad faith or manifest error, conclusive evidence of the matters to which it relates and shall be binding on the Issuer, Sadara, the Certificateholders' Agent and the Certificateholders and no liability to the Issuer, the Certificateholders' Agent or the Certificateholders shall attach to the Payments Administrator in connection therewith.

## 7. PAYMENTS:

### 7 - 1 Payments in respect of the Certificates:

Subject to Condition 7.2 (*Cessation and Continuation of Accrual*), payment of any amounts due under the Certificates will be made by the Payments Administrator in Saudi Riyals by wire-transfer to a Saudi Riyal denominated account of the Certificateholder maintained in The Kingdom (and maintained with a member of the Registrar) notified in writing to the Registrar and the Payments Administrator not later than one Business Day prior to the date of the relevant payment. Payments of any amounts due under the Certificates will be paid to the holder shown on the Register at the close of business on the fifth day before the date on which the relevant amount is due (the **record date**).

### 7 - 2 Cessation and Continuation of Accrual:

*Provided that* payment of the applicable Termination Distribution Amount and (where applicable) Additional Early Payment Amount required to be paid in accordance with Condition 8.3 (*Early Termination at the Option of the Issuer*) is not improperly withheld or refused, no further amounts will be payable on any Certificate from and including its due date for redemption.

In the event that the applicable Termination Distribution Amount and / or any Additional Early Payment Amount required to be paid in accordance with Condition 8.3 (*Early Termination at the Option of the Issuer*) is not paid in full when due (which amount shall remain outstanding and due and payable) then this Condition 7.2 (*Cessation and Continuation of Accrual*) shall apply for each Additional Accrual Period and the Issuer will

be required to distribute to Certificateholders (in addition to such unpaid amount) an amount equal to the Additional Lessee Termination Sum or Additional Issuer Procurement Termination Sum received by it under the Sukuk Forward Lease Agreement or the Sukuk Procurement Agreement (as the case may be) in respect of each Additional Accrual Period, such additional amount to be distributed by the Issuer being the **Additional Termination Distribution Amount**.

In the case of the occurrence of a Total Loss Event (as defined in the Sukuk Forward Lease Agreement), Periodic Distribution Amounts will continue to accrue up to, but excluding, the date upon which the Certificates are redeemed in full and shall be taken into account when calculating the applicable Full Reinstatement Value (as defined in the Sukuk Forward Lease Agreement), regardless of any termination of the Sukuk Forward Lease Agreement as a result thereof.

If any amount due under the Certificates is not paid in full when due, the Registrar will annotate the Register with a record of the amount in fact paid.

### 7 - 3 Payments subject to Applicable Law:

Payments in respect of Certificates are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*).

### 7 - 4 Payment only on a Business Day:

Where payment is to be made by transfer to a registered account, payment instructions will be initiated for value on the due date or, if that is not a Business Day, for value on the first following day which is a Business Day.

Certificateholders will not be entitled to any additional payment for any delay after the due date in receiving the amount due if the due date is not a Business Day.

### 7 - 5 Payments Administrator:

The initial specified office of the Payments Administrator is set out in the Sukuk Payments Administration Agreement. The Issuer reserves the right at any time to vary or terminate the appointment of the Payments Administrator and to appoint additional or other agents provided it will at all times maintain a Payments Administrator in The Kingdom.

### 7 - 6 Pro Rata Payments to Certificateholders:

In respect of any Periodic Distribution Amount, Fixed Distribution Amounts, Early Distribution Amounts, Additional Early Payment Amount, Termination Distribution Amounts and Additional Termination Distribution Amount, each Certificateholder shall be entitled to its *pro rata* share thereof based on the aggregate face amount outstanding of Certificates held by it on the applicable record date (as defined in Condition 7.1 (*Payments in respect of the Certificates*)) as a proportion of the aggregate face amount of all Certificates outstanding on such date, and in respect of each such payment the Payments Administrator will make payment to each Certificateholder of such pro rata amount in accordance with this Condition 7 (*Payments*).

## 8. CAPITAL DISTRIBUTIONS:

### 8 - 1 Scheduled Termination:

Unless the Certificates have previously been redeemed or purchased and cancelled, the Issuer will redeem the Certificates at the Termination Distribution Amount on the Periodic Distribution Date immediately following the Final Distribution Date (the **Scheduled Termination Date**). Upon payment in full of the Termination Distribution Amount (together with any applicable Additional Termination Distribution Amount) to the Certificateholders, the Certificateholders shall cease to have an interest in the Sukuk Assets, no further amounts shall be payable in respect thereof, and the Issuer shall have no further obligations in respect thereof.

In these Conditions, **Termination Date** means any of the Scheduled Termination Date, the Tax Termination Date (as defined in Condition 8.2 (*Early Termination for Tax Reasons*)), the Optional Termination Date (as



defined in Condition 8.3(a) (*Early Termination at the Option of the Issuer*)), the Enforcement Event Termination Date (as defined in Condition 8.3(b) (*Early Termination at the Option of the Issuer*)), the Intercreditor Event Termination Date (as defined in Condition 8.4 (*Termination Following an Intercreditor Event*)) and the date of redemption of the Certificates pursuant to Condition 8.5 (*Termination following a Termination Event*) and **Termination Distribution Amount** in relation to the Certificates means either:

- (a) the aggregate outstanding face amount of the Certificates (taking into account any partial redemptions pursuant to Condition 8.6 (*Partial Redemption*) in respect of which payment has been made in full and any cancellations pursuant to Condition 9.2 (*Cancellation*) in respect of which payment has been made in full) plus all accrued and unpaid Periodic Distribution Amounts in respect of the Certificates and (without double counting) together with all other amounts due to Certificateholders under the Certificates; or
- (b) in the event that: (i) the Certificates are to be redeemed pursuant to Condition 8.4 (*Termination Following an Intercreditor Event*) where Sadara is obliged pursuant to clause 10.9(b) (*Mandatory prepayment – Total Loss Event*) of the GCTA to make a prepayment in full of the Sukuk Facility; and (ii) either (x) Sadara (in its capacity as service contractor under the Sukuk Service Agency Agreement) has not been in breach of clause 4 of the Sukuk Service Agency Agreement in relation to obtaining and maintaining certain insurances in respect of the Lease Assets or (y) the Total Loss Event has not been caused by the negligence, default or breach by Sadara (in its capacity as lessee under the Sukuk Forward Lease Agreement) of the Sukuk Forward Lease Agreement, the Termination Distribution Amount shall mean the amount referred to in paragraph (a) of this Condition 8.1 above less an amount equal to the applicable Total Loss Shortfall Amount (as defined in the Sukuk Forward Lease Agreement).

## 8 - 2 Early Termination for Tax Reasons:

The Certificates may be redeemed by the Issuer in whole, but not in part, on any Periodic Distribution Date (the date of any such redemption, the **Tax Termination Date**), on giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Certificates on the Tax Termination Date), at the Termination Distribution Amount, (a) if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 10 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of The Kingdom or a political subdivision or any taxing authority thereof or therein or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective or is enacted on or after the date of the subscription agreement in respect of the Certificates and (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it (a **Tax Event**) *provided, however*, that no such notice of termination shall be given unless an Early Lease Termination Notice has been received by the Issuer under the Sukuk Forward Lease Agreement (and as defined therein) and no such notice of termination shall be given earlier than 60 days prior to the Periodic Distribution Date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Certificates were then due.

Upon the Tax Termination Date, the Certificates shall be repaid to the Certificateholders at the Termination Distribution Amount. Upon payment in full of the Termination Distribution Amount, any Additional Termination Distribution Amount accrued in respect thereof shall be repaid to the Certificateholders upon which the Certificateholders shall cease to have an interest in the Sukuk Assets, no further amounts shall be payable in respect thereof, and the Issuer shall have no further obligations in respect thereof.

Prior to the publication of any notice of termination pursuant to this paragraph, the Issuer shall deliver to the Certificateholders' Agent: (i) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such termination and setting forth a statement of facts showing that these conditions precedent in (a) and (b) above to the right of the Issuer so to terminate have occurred; and (ii) an opinion of independent advisors of recognized standing and appropriate expertise to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. The Certificateholders' Agent shall be entitled to accept (without further investigation) any such certificate and opinion as sufficient evidence thereof in which event it shall be conclusive and binding on the Certificateholders.



### 8 - 3 Early Termination at the Option of the Issuer:

- (a) On any Periodic Distribution Date falling after the fifth (5th) anniversary of the Closing Date, the Issuer may redeem the Certificates, in whole but not in part, (the date of such termination, the **Optional Termination Date**) at the Termination Distribution Amount plus the Additional Early Payment Amount (if any) upon the Issuer giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Certificates on the Optional Termination Date), *provided that* no such notice shall be given unless an Early Lease Termination Notice has been received by the Issuer under the Sukuk Forward Lease Agreement (and as defined therein). Upon payment in full of the Termination Distribution Amount and the Additional Early Payment Amount (if any) (and any Additional Termination Distribution Amount accrued in respect thereof) to the Certificateholders, the Certificateholders shall cease to have an interest in the Sukuk Assets, no further amounts shall be payable in respect thereof, and the Issuer shall have no further obligations in respect thereof.
- (b) At any time after the Sponsors have received an Advance Enforcement Notice from the Intercreditor Agent pursuant to clause 11 (*Sponsor Right to Cure*) of the Intercreditor Agreement (an **Enforcement Event**), the Issuer may redeem the Certificates, in whole but not in part, at the Termination Distribution Amount upon the Issuer giving not more than 60 days' notice to the Certificateholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Certificates at the end of the notice period (the **Enforcement Event Termination Date**)), *provided that* no such notice shall be given unless an Early Lease Termination Notice has been received by the Issuer under the Sukuk Forward Lease Agreement (and as defined therein). Upon payment in full of the Termination Distribution Amount (and any Additional Termination Distribution Amount accrued in respect thereof) to the Certificateholders, the Certificateholders shall cease to have an interest in the Sukuk Assets, no further amounts shall be payable in respect thereof, and the Issuer shall have no further obligations in respect thereof.
- (c) For the purposes of paragraph (a) above of this Condition 8.3 (*Early Termination at the Option of the Issuer*), **Additional Early Payment Amount** means (a) if the Optional Termination Date occurs on or after the Periodic Distribution Date falling in June 2018 but prior to the Periodic Distribution Date falling in June 2019, 3% of the outstanding face amount of the Certificates at such time; (b) if the Optional Termination Date occurs on or after the Periodic Distribution Date falling in June 2019 but prior to the Periodic Distribution Date falling in June 2020, 2% of the outstanding face amount of the Certificates at such time; and (c) in all other cases, zero.

### 8 - 4 Termination Following an Intercreditor Event:

Upon the occurrence of an Intercreditor Event, the Issuer will promptly give notice thereof to Certificateholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Certificates in accordance with this Condition 8.4 (*Termination Following an Intercreditor Event*)) and will redeem the Certificates in whole but not in part at the Termination Distribution Amount on the Intercreditor Event Termination Date. Upon payment in full of the Termination Distribution Amount and any Additional Termination Distribution Amount accrued in respect thereof to the Certificateholders, the Certificateholders shall cease to have an interest in the Sukuk Assets, no further amounts shall be payable in respect thereof, and the Issuer shall have no further obligations in respect thereof.

For the purposes of this Condition 8.4 (*Termination Following an Intercreditor Event*):

An **Intercreditor Event** shall occur if Sadara:

- (a) becomes obliged, pursuant to sub-clause (b) (i) or (ii) of clause 10.9 (*Mandatory prepayment – Total Loss Event*) of the GCTA;
- (b) elects, in accordance with sub-clause (a) of clause 10.9 (*Mandatory Prepayment – Total Loss Event*) of the GCTA; or
- (c) becomes obliged, pursuant to clause 10.8 (*Mandatory Prepayment – Initial Sukuk Facility*) of the GCTA,

to make an Early Payment of the Sukuk Facility (each as defined in the GCTA).

**Intercreditor Event Termination Date** means the Periodic Distribution Date immediately following the date on which the amount payable by Sadara following the occurrence of an Intercreditor Event is due in accordance with the terms of the Intercreditor Agreement and the GCTA.

### 8 - 5 Termination Following a Termination Event:

The Sukuk Declaration of Agency may be terminated and the Certificates may be redeemed at the Termination Distribution Amount as more particularly specified in Condition 12 (*Termination Events*).

### 8 - 6 Partial Redemption:

On each Periodic Distribution Date, the Issuer will partially redeem (*pro rata* according to their outstanding face amount) the Certificates at an aggregate amount equal to the sum of: (a) the Fixed Distribution Amounts (if any); and (b) the Early Distribution Amounts (if any).

For the purposes of this Condition 8.6 (*Partial Redemption*):

**Early Distribution Amounts** means, on each Periodic Distribution Date, an amount equal to any Early Payment Amount received by the Issuer on the immediately preceding Distribution Date.

**Early Payment Amount** means, as at each Distribution Date, an amount equal to any sum payable by Sadara to the Issuer pursuant to clause 10.2 (*Casualty Proceeds*) of the GCTA, clause 10.3 (*Expropriation Proceeds*) of the GCTA, clause 10.4 (*Sharing of Pre-Completion Net Revenue Proceeds*) of the GCTA and/or paragraph 12.5 (*Prepayment Conditions*) of Schedule 2 (*Creditors' Reliability Test*) of the GCTA and the corresponding provisions of the Sukuk Forward Lease Agreement and the Sukuk Procurement Agreement.

**The Fixed Distribution Amounts** payable in respect of each Periodic Distribution Date shall be as set out in the table below. In the event that the First Repayment Date occurs after 15 June 2018 (a **Delayed First Repayment Date**) the Fixed Distribution Amounts that would have been paid prior to the Delayed First Repayment Date had the First Repayment Date occurred on 15 June 2018 will be consolidated with the remaining Fixed Distribution Amounts and the table set out below will be deemed to be revised accordingly to reflect the pro rata allocation of such Fixed Distribution Amounts across such remaining Fixed Distribution Amounts.

Distribution Date (Periodic Distribution Dates fall on the following Business Day)	Fixed Distribution Amounts as a percentage of the aggregate face amount of Certificates issued on the Closing Date	Outstanding percentage of the aggregate face amount of the Certificates issued on the Closing Date after payment of the Fixed Distribution Amounts
1 – First Repayment Date	3.50%	96.50%
2	4.15%	92.35%
3	4.45%	87.90%
4	4.55%	83.35%
5	4.60%	78.75%
6	4.65%	74.10%
7	4.65%	69.45%
8	4.85%	64.60%
9	5.00%	59.60%
10	5.15%	54.45%
11	5.15%	49.30%
12	4.95%	44.35%
13	4.80%	39.55%

Distribution Date (Periodic Distribution Dates fall on the following Business Day)	Fixed Distribution Amounts as a percentage of the aggregate face amount of Certificates issued on the Closing Date	Outstanding percentage of the aggregate face amount of the Certificates issued on the Closing Date after payment of the Fixed Distribution Amounts
14	4.80%	34.75%
15	4.45%	30.30%
16	4.45%	25.85%
17	4.45%	21.40%
18	4.45%	16.95%
19	4.25%	12.70%
20	4.20%	8.50%
21	4.20%	4.30%
22	4.30%	0.00%

If, from time to time, the Certificates are redeemed in part pursuant to the provisions of Condition 8.6 (*Partial Redemption*) due to the application of any Early Distribution Amounts, and / or any Certificates are cancelled in accordance with Condition 9.2 (*Cancellation*), the table above will be deemed to be amended, such that the percentages in the second and third columns in relation to each Distribution Date falling after the date of such early redemption and / or cancellation shall be deemed to be reduced such that the Fixed Distribution Amounts to be paid on each such date are reduced by a *pro rata* portion of the amount of the Early Distribution Amounts so applied and / or the face amount of such Certificates so cancelled.

## 8 - 7 No other Termination:

The Issuer shall not be entitled to terminate the Sukuk Declaration of Agency and redeem the Certificates otherwise than as provided in Condition 8 (*Capital Distributions*) or Condition 12 (*Termination Event*).

## 8 - 8 Cancellations:

All Certificates which are redeemed or otherwise repaid in accordance with these Conditions will forthwith be cancelled and accordingly may not be held, reissued or resold.

## 9. PURCHASE OF CERTIFICATES:

### 9 - 1 Purchases:

- Sadara, the Sponsors or any of their Subsidiaries (including the Issuer), in each case provided the same is permitted to acquire and hold Certificates under the Applicable Law of The Kingdom (each an **Eligible Purchaser**) may at any time purchase Certificates at any price in the open market or otherwise.
- In addition to paragraph (a) above, following receipt of an Advance Enforcement Notice from the Intercreditor Agent in accordance with clause 11 (*Sponsor Right to Cure*) of the Intercreditor Agreement, all or any of the Sponsors or their Affiliates shall have the right at any time thereafter to purchase the Certificates in full from the Certificateholders at a price equal to, in aggregate, the Termination Distribution Amount. Upon purchase by the relevant Sponsor(s) or their Affiliates of the Certificates, the Certificateholders shall cease to have an interest in the Sukuk Assets, no further amounts shall be payable to the Certificateholders in respect thereof, and the Issuer shall have no further obligations in respect thereof to the Certificateholders.

For the purposes of this Condition 9.1, **Advance Enforcement Notice** means the written notice given by the Intercreditor Agent to the Sponsors under clause 11.2 (*Sponsor Right to Cure*) of the Intercreditor Agreement, prior to taking any Enforcement Action and specifying the Enforcement Action proposed to be taken.

## 9 - 2 Cancellation:

Following any such purchase of Certificates pursuant to Condition 9.1 (*Purchases*), an Eligible Purchaser may at its option hold or resell such Certificates. Any Certificates held by or on behalf of an Eligible Purchaser shall be deemed not to remain outstanding for certain purposes as provided under the Sukuk Declaration of Agency.

In addition, on receipt of a Cancellation Notice from an Eligible Purchaser that it wishes to cancel any Certificates purchased pursuant to Condition 9.1 (*Purchases*), the Issuer will cancel such Certificates on the Cancellation Date (which must be a Periodic Distribution Date) specified in the relevant Cancellation Notice.

## 10. TAXATION:

All payments in respect of the Certificates shall be made without withholding or deduction for, or on account of, any Tax (as defined in the GCTA) imposed or levied by or on behalf of The Kingdom or any political subdivision or taxing authority thereof or therein, unless such withholding or deduction is required by Applicable Law. If the withholding or deduction of any such Tax is required by Applicable Law, the Issuer shall, provided that each relevant Certificateholder is a resident of The Kingdom, pay to each such relevant Certificateholder additional amounts so that the full amount which otherwise would have been due and payable under the Certificates if no such Tax had been withheld is received by such Certificateholder; provided, further, that no such additional amounts shall be paid with respect to (i) any Tax to the extent that the Certificateholder is able to obtain and utilize a Tax Credit in respect of the Tax and is not put in a worse after-Tax position than it would have been had no withholding or deduction in respect of the applicable Tax been required or (ii) any Tax that results from a failure by any Certificateholder to file, submit or provide any certificate or document or to furnish any information, in each case, that may be necessary to establish any available exemption from, or reduction in the amount of, any Tax, where:

- (a) such Certificateholder is aware of the need to file, submit or provide the documents and information referred to above or ought reasonably to be so aware; and
- (b) it is otherwise not materially prejudicial to the legal or commercial position of the Certificateholder to file, submit or provide those documents and/or information (but, for these purposes, it shall be deemed to be prejudicial if (1) it is impossible due to a legal or administrative impediment in or imposed by The Kingdom to so file, submit or provide those documents and/or information, or (2) such filing, submission or provision imposes upon the Certificateholders more than a *de minimis* cost or expense for which it is not reimbursed).

For the purposes of this Condition 10 (*Taxation*), Tax Credit means a refund of, credit against, relief, deduction or remission for, or repayment of any Tax.

In these Conditions, references to the Termination Distribution Amount, the Additional Termination Distribution Amount, the Additional Early Payment Amount, any Early Distribution Amounts, any Fixed Distribution Amounts or any Periodic Distribution Amount and any other amount payable in respect of a Certificate shall be deemed to include any additional amounts payable under this Condition 10 (*Taxation*).

The Sukuk Musharaka Agreement, the Sukuk Procurement Agreement, the Sukuk Forward Lease Agreement, the Sukuk Service Agency Agreement and the Sukuk Costs Undertaking each include a substantially similar provision to that in this Condition 10 (*Taxation*), whereby payments to the Issuer by the Company under each such agreement shall be made without any withholding or deduction for, or on account of, Tax imposed or levied by or on behalf of The Kingdom or any political subdivision or taxing authority thereof or therein, unless such withholding or deduction is required by Applicable Law; if the withholding or deduction of any such Tax is required by Applicable Law, the Company (acting in its relevant capacity) shall pay all additional amounts as will result in the receipt by the Issuer of such net amounts as would have been received by it if no deduction or withholding had been made.

The Completion Guarantees provide that the Completion Guarantors must make all payments to be made by it under the Completion Guarantees without any withholding or deduction for or on account of any Tax unless such withholding or deduction is required by Applicable Law and, in such event and subject to the

relevant terms and conditions of the Completion Guarantees, the amount of payment due from the Completion Guarantors will be increased to an amount which (after making the deduction or withholding) leaves an amount equal to the payment which would have been due if no such deduction or withholding had been required.

## 11. PRESCRIPTION:

The right to receive distributions in respect of the Certificates will be forfeited unless claimed within periods of ten years (in the case of the Termination Distribution Amount, the Additional Termination Distribution Amount, the Additional Early Payment Amount, any Early Distribution Amounts and any Fixed Distribution Amounts) and five years (in the case of Periodic Distribution Amounts other than any Periodic Distribution Amount comprised in the Termination Distribution Amount) from the Relevant Date in respect thereof, subject to the provisions of Condition 7 (*Payments*). In these Conditions, **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Payments Administrator or the Certificateholders' Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect shall have been duly given to Certificateholders by the Certificateholders' Agent in accordance with Condition 14 (*Notices*).

## 12. TERMINATION EVENT:

If at any time: (i) an Event of Default under Clause 25 (*Common Events of Default*) of the GCTA (other than an Event of Default relating to an Excluded Right (as defined in the GCTA)) or any Sukuk Event of Default (as defined in the Sukuk Declaration of Agency) has occurred and is continuing; or (ii) a notice has been served on the Intercreditor Agent in accordance with paragraph 1 (*Remedies Initiation Notice*) of part B (*Operative Provisions*) to schedule 3 (*Enforcement Procedures*) of the Intercreditor Agreement (each of the events specified above being a Termination Event), the Certificateholders' Agent shall promptly upon it having actual knowledge of or receiving written notice under the Intercreditor Agreement and the Sukuk Declaration of Agency of such Termination Event, give notice thereof to the holders of the Certificates in accordance with Condition 14 (*Notices*).

To the extent that the Certificateholders' Agent is not in receipt of a notification from the Intercreditor Agent under paragraph 3 (*Enforcement Direction Request*) of part B (*Operative Provisions*) to schedule 3 (*Enforcement Procedures*) of the Intercreditor Agreement that a "Decision" (as defined therein) is requested or expressly required in respect of such Termination Event, the Certificateholders' Agent will, subject to Condition 15 (*Meetings of Certificateholders, Modification, Waiver, Authorization and Determination*), promptly convene a meeting of Certificateholders to seek their instructions as to whether to direct the Issuer (acting by the Certificateholders' Agent for and on behalf of the Certificateholders as provided in the Sukuk Declaration of Agency) to instruct the Intercreditor Agent to seek a vote of the requisite majority of the Senior Creditor Groups (if applicable) in accordance with paragraph 3 (*Enforcement Direction Request*) of part B (*Operative Provisions*) to schedule 3 (*Enforcement Procedures*) of the Intercreditor Agreement and / or clause 26.2 (*Consequences of an Event of Default – Enforcement Action*) of the GCTA and/or paragraph 6 (*Guarantee Enforcement Action*) of part B (*Operative Provisions*) to schedule 3 (*Enforcement Procedures*) of the Intercreditor Agreement (only in respect of a Termination Event that is also a Fundamental Event of Default (as defined in the Global Common Terms Agreement) which has occurred prior to the Project Completion Date), as the case may be, and, if so instructed, shall direct the Intercreditor Agent accordingly.

To the extent that the Certificateholders' Agent is in receipt of a notification from the Intercreditor Agent to the Issuer under paragraph 3 (*Enforcement Direction Request*) of part B (*Operative Provisions*) to schedule 3 (*Enforcement Procedures*) of the Intercreditor Agreement that a "Decision" (as defined therein) is requested or expressly required in respect of a Termination Event, following the Intercreditor Agent being instructed by any other Senior Creditor Group to issue the same, the Certificateholders' Agent will, subject to Condition 15 (*Meetings of Certificateholders, Modification, Waiver, Authorization and Determination*), promptly convene a meeting of Certificateholders to seek their instructions as to whether or not the Issuer should vote to take the Enforcement Action (as defined in the Intercreditor Agreement) or, to the extent applicable, in the case of clause 6.2 (*Where some or all of the Senior Debt has been accelerated*) of paragraph 6 (*Guarantee Enforcement Action*) of Part B (*Operative Provisions*) to Schedule 3 (*Enforcement Procedures*) of the Intercreditor Agreement, to take the Guarantee Enforcement Action (as defined in the Global Common Terms Agreement), in each case, as requested in the relevant notice and to then direct the Issuer (acting by the Certificateholders' Agent for and on behalf of the Certificateholders as provided in the Sukuk Declaration of Agency) to advise the Intercreditor Agent of the Issuer's Decision accordingly.



If the requisite majority of the Senior Creditor Groups instruct, by means of a vote, the Intercreditor Agent to take Enforcement Action pursuant to paragraph 3 (*Enforcement Direction Request*) of part B (*Operative Provisions*) to schedule 3 (*Enforcement Procedures*) of the Intercreditor Agreement or Guarantee Enforcement Action pursuant to clause 6.2 (*Where some or all of the Senior Debt has been accelerated*) of paragraph 6 (*Guarantee Enforcement Action*) of Part B (*Operative Provisions*) to Schedule 3 (*Enforcement Procedures*) of the Intercreditor Agreement (as the case may be) and through such vote, or in any other manner under the Intercreditor Agreement, any Enforcement Action or Guarantee Enforcement Action is constituted resulting in action to be taken by the Intercreditor Agent which includes, for Enforcement Action, the actions set out in paragraphs (a) – (l) (inclusive) of the definition of “Enforcement Action” in the Intercreditor Agreement, and for Guarantee Enforcement Action, the making of a demand on the Completion Guarantees, then the Certificates shall automatically be and become immediately due and payable, without further action or formality, in full at their Termination Distribution Amount provided that action under paragraphs (e), (h), (i) or (l) of the definition of “Enforcement Action” in the Intercreditor Agreement shall not, in and of itself, result in the Certificates becoming automatically due and payable. If the action to be taken by the Intercreditor Agent is action pursuant to paragraph (b) of the definition of “Enforcement Action” in the Intercreditor Agreement, then the Certificates shall be payable on demand, whereupon they shall immediately become payable in full at their Termination Distribution Amount on demand by the Certificateholders’ Agent. The Certificates will not become due and payable following a Termination Event other than in accordance with this provision.

Upon payment in full of the Termination Distribution Amount, plus any Additional Termination Distribution Amount accruing in relation thereto, the Certificateholders shall cease to have an interest in the Sukuk Assets, no further amounts shall be payable in respect thereof, and the Issuer shall have no further obligations in respect thereof.

For the purpose of clause 25.1 (*Non-payment*) of the GCTA, amounts shall be considered due in respect of the Certificates (including any amounts calculated as being payable under Condition 6 (*Periodic Distribution Amounts*), Condition 8 (*Capital Distributions*), Condition 10 (*Taxation*) and Condition 12 (*Termination Event*)) notwithstanding that the Issuer has, at the relevant time, insufficient funds to pay such amounts.

For a description of Events of Default see the sections of this Prospectus entitled “*Summary of Principal Finance Documents – Global Common Terms Agreement – Common Events of Default*” and “*Summary of Sukuk Transaction Documents – Declaration of Agency – Sukuk Events of Default*”.

### 13. ENFORCEMENT AND EXERCISE OF RIGHTS:

**13 - 1** Upon the Certificates becoming immediately due and repayable in accordance with Condition 12 (*Termination Event*), the Certificateholders’ Agent will (subject in each case to being indemnified on an after-tax basis and / or secured to its satisfaction), take the following steps:

- (a) instruct the Issuer Security Agents to enforce the security interests created pursuant to the Issuer Security Documents; and
- (b) take such other steps as the Certificateholders’ Agent may consider necessary to recover amounts due to the Certificateholders, subject always to the applicable provisions of the Finance Documents, including Condition 13.5 below.

The remedies available to the Senior Financing Participants (which includes the Issuer) upon the occurrence of a Termination Event are contained in the Finance Documents including a description of the Senior Financing Participant voting process in respect thereof and the requirements for obtaining a vote of the requisite majority of the Senior Creditor Groups in such circumstances.

**13 - 2** No Certificateholder shall be entitled to take any action which any of the Certificateholders’ Agent or the Issuer Security Agents are required to take under the Finance Documents unless: (a) the Certificateholders’ Agent or the relevant Issuer Security Agent (as the case may be), having become bound to so proceed, fails to do so within thirty (30) days of becoming so bound and such failure is continuing; and (b) the relevant Certificateholder (or such Certificateholder together with the other Certificateholders who wish to take such action) holds at least 25% of the then aggregate face amount of the Certificates outstanding. Under no circumstances (including the occurrence of a Termination Event) shall the Certificateholders’ Agent or any Certificateholder have (i) any right to cause the sale or other disposition of any of the Sukuk Assets except in accordance with the Finance Documents or (ii) any other recourse against the Sukuk Assets, except the right to receive distributions derived from



the Sukuk Assets in accordance with these Conditions, and the sole right of the Certificateholders' Agent, the Issuer Security Agents and the Certificateholders against the Issuer shall be to enforce their respective obligations under the Finance Documents to which they are respectively a party. Any action taken by Certificateholders in accordance with this Condition 13.2 shall always be subject to and in accordance with the provisions of Condition 13.4 below. In the event that any Certificateholders become entitled to take action or exercise rights as aforesaid, then they will if requested to do so by the Intercreditor Agent execute a form of acknowledgment in the form set out at schedule 5 (*Form of Acknowledgment*) to the Sukuk Declaration of Agency, and will not become entitled to take such action or exercise such rights until they have done so.

- 13 - 3** The Certificateholders' Agent will, if at any time it becomes entitled to exercise the rights of the Issuer under the Finance Documents (whether pursuant to Condition 13.4 below or otherwise), do so in a manner which is consistent with and not in conflict with the provisions of the Finance Documents, and will exercise such rights subject to and in conformity with the restrictions placed on the Issuer, having regard to the obligations and liabilities of the Issuer and shall not by their actions extend or widen the scope of the Issuer's obligations under the relevant Finance Documents.
- 13 - 4** The Certificateholders agree that they will exercise any rights accruing to them as principal by virtue of the appointment of the Issuer as their agent in respect of the Sukuk Assets in accordance with the terms of the Sukuk Declaration of Agency and these Conditions, through the Certificateholders' Agent, and agree that notwithstanding this, should the Certificateholders or any of them, whether through the inaction of the Certificateholders' Agent or the Issuer Security Agents or otherwise, become entitled to exercise the rights of the Issuer under the Finance Documents, then they will exercise such rights subject to and in conformity with the restrictions placed on the Issuer, having regard to the obligations and liabilities of the Issuer, and shall not by their actions extend or widen the scope of the Issuer's obligations under the relevant Finance Documents.
- 13 - 5** The Certificates will become immediately due and payable following a Termination Event only in accordance with Condition 12 (*Termination Event*). To the extent that the Intercreditor Agent is entitled, pursuant to the provisions of the Intercreditor Agreement, to request the Issuer to take or refrain from taking certain actions in order to give effect to the provisions of part B (*Operative Provisions*) to schedule 3 (*Enforcement Procedures*) of the Intercreditor Agreement, the Issuer will take or refrain from taking such actions. The Certificateholders' Agent shall be permitted to take any other action to enforce or realize the Sukuk Assets against the Issuer (including, without limitation, instructing the Issuer Security Agents to enforce the Encumbrances created pursuant to the Issuer Security Documents, and directing them in such enforcement) *provided that*: (i) to do so would not conflict with the applicable provisions of the Finance Documents; and (ii) it is instructed to do so (a) by an Extraordinary Resolution or (b) in writing by the holders of at least 25% of the then aggregate outstanding face amount of the Certificates; and in either case then only if it is indemnified and / or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

#### **14. NOTICES:**

All notices to Certificateholders will be valid if in Arabic and:

- (a) in the case of a notice of meeting, shall be published: (i) in the Official Gazette; and (ii) in a daily newspaper having general circulation in Riyadh (which will be the Al Riyadh newspaper or such other newspaper as approved by the Certificateholders' Agent) at least 25 days or such shorter notice period (being not less than 7 clear days) as may be permitted by Applicable Law (exclusive of the day on which the notice is given and the day on which the meeting is to be held) prior to the date set for the initial meeting and at least five days (exclusive of the day on which the notice is given and the day on which the meeting is to be held) prior to the date set for any adjourned meeting; or
- (b) mailed to them by pre-paid registered mail (or its equivalent) at their respective registered addresses as specified in the Register; and
- (c) in each case in such additional manner and by such additional means (electronic or otherwise) as shall be approved by and required by the Certificateholders' Agent and which is permitted by Applicable Laws.

The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and / or quotation system (if any) by which the Certificates have then been admitted to listing, trading and / or quotation. Any notice shall be deemed to have been given on the third day after the date of being so mailed or the date of publication (as applicable) or, if so published more than once or on different dates, on the date of the first publication.

#### **15. MEETINGS OF CERTIFICATEHOLDERS, MODIFICATION, WAIVER, AUTHORIZATION AND DETERMINATION:**

The Sukuk Declaration of Agency contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the modification or abrogation by Ordinary Resolution or Extraordinary Resolution (as applicable) of these Conditions, the provisions of the Sukuk Declaration of Agency or any other Finance Document. The quorum at any meeting will be one or more Eligible Persons holding or representing more than a clear majority of the outstanding face amount of the Certificates, or at any adjourned such meeting one or more Eligible Persons whatever the outstanding face amount of the Certificates held or represented by him or them, except that any meeting the business of which includes the amendment, modification or waiver of certain provisions of the Sukuk Declaration of Agency or any Finance Documents (including modifying the Scheduled Termination Date or any other date for payment in respect of the Certificates, reducing or cancelling any amount payable in respect of the Certificates or altering the currency of payment of the Certificates, or any other matter which is specified as a Reserved Matter in paragraph 10 of schedule 3 (*Provisions for Meetings of Certificateholders*) of the Sukuk Declaration of Agency), the quorum shall be one or more Eligible Persons holding or representing not less than 75 % of the outstanding face amount of the Certificates, or at any adjourned such meeting one or more Eligible Persons holding or representing not less than 25% of the outstanding face amount of the Certificates.

To be passed, an Extraordinary Resolution requires: (a) a majority in favour consisting of not less than three quarters of the Eligible Persons voting on a show of hands or, if a poll is duly demanded, a majority of not less than three quarters of the votes cast on such poll; (b) to the extent permitted by Applicable Law, a resolution in writing signed by or on behalf of the holders of not less than three quarters of the outstanding face amount of the Certificates; or (c) consent given by way of electronic consents in accordance with the rules and procedures (from time to time) of the Registrar by or on behalf of the holders of not less than three-quarters of the outstanding face amount of the Certificates, and, if duly passed, will be binding on all holders of the Certificates, whether or not they are present at the meeting and whether or not voting, provided that the passing of an Extraordinary Resolution shall be subject to the requirements of Applicable Law.

To be passed, an Ordinary Resolution requires: (a) a majority in favour consisting of not less than a clear majority (or such other threshold as may be required by Applicable Law) of the Eligible Persons voting on a show of hands or, if a poll is duly demanded, a majority of not less than a clear majority (or such other threshold as may be required by Applicable Law) of the votes cast on such poll; (b) to the extent permitted by Applicable Law, a resolution in writing signed by or on behalf of the holders of not less than a clear majority (or such other threshold as may be required by Applicable Law) of the outstanding face amount of the Certificates; or (c) consent given by way of electronic consents in accordance with the rules and procedures (from time to time) of the Registrar by or on behalf of the holders of not less than a clear majority (or such other threshold as may be required by Applicable Law) of the outstanding face amount of the Certificates, and, if duly passed, will be binding on all holders of the Certificates, whether or not they are present at the meeting and whether or not voting, provided that the passing of an Ordinary Resolution shall be subject to the requirements of Applicable Law.

Promptly upon receipt of a notification from the Intercreditor Agent under: (a) clause 7 (*Referral of Intercreditor Decisions*) of the Intercreditor Agreement; or (b) paragraph 1 (*Remedies Initiation Notice*) of paragraph 3 (*Enforcement Direction Request*) of part B (*Operative Provisions*) to schedule 3 (*Enforcement Procedures*) of the Intercreditor Agreement, that a “Decision” (as defined therein) is requested or expressly required, the Issuer will promptly upon (and in any event within two Business Days of) receipt of such notification (i) notify the Certificateholders’ Agent of such fact and (ii) convene a meeting of the Certificateholders to consider such Decision.

In respect thereof, the following provisions will apply and to the extent they conflict with any of the foregoing provisions of this Condition 15 as regards the conduct of a meeting of Certificateholders, the following provisions will prevail. At least five (5) and no more than seven (7) days’ notice of such meeting will be given (exclusive

of the day on which the notice is given and the day on which the meeting is to be held), such notice to be in compliance with the applicable provisions of the Sukuk Declaration of Agency. The date of the meeting shall be fixed in a timely manner such that the Issuer (acting by the Certificateholders' Agent) can return a response to the Intercreditor Agent within the relevant time period required under the Intercreditor Agreement for any Decision under clause 7 (*Referral of Intercreditor Decisions*) of the Intercreditor Agreement or paragraph 1 (*Remedies Initiation Notice*) or paragraph 3 (*Enforcement Direction Request*) of part B (*Operative Provisions*) to schedule 3 (*Enforcement Procedures*) of the Intercreditor Agreement. A decision at any such meeting will be passed by a duly convened and quorate meeting of the Certificateholders acting by an Extraordinary Resolution, or in writing by the holders of at least 25 % of the then aggregate outstanding face amount of the Certificates. Promptly upon the conclusion of the meeting, the Issuer (acting by the Certificateholders' Agent) will provide a certificate to the Intercreditor Agent setting out the directions to the Intercreditor Agent required pursuant to the notice issued pursuant to: (i) clause 7 (*Referral of Intercreditor Decisions*) of the Intercreditor Agreement; or (ii) paragraph 1 (*Remedies Initiation Notice*) of paragraph 3 (*Enforcement Direction Request*) of part B (*Operative Provisions*) to schedule 3 (*Enforcement Procedures*) of the Intercreditor Agreement (as the case may be), and such certificate will represent, and be binding upon, the entire aggregate face amount of the Certificates then outstanding; provided that any meeting shall be convened in accordance with Applicable Law.

At any meeting so convened, the requested Decision and any associated instructions to the Certificateholders' Agent and / or the Issuer shall be taken by one or more Ordinary Resolutions or Extraordinary Resolutions (as applicable), and the quorum and voting requirements applicable to any meeting convened to consider one or more Ordinary Resolutions and/or Extraordinary Resolutions (as applicable) as set out in schedule 3 (*Provisions for Meetings of Certificateholders*) of the Sukuk Declaration of Agency will apply to any such meeting, including those that apply to any such decision as constitutes a Reserved Matter.

Should it be necessary to adjourn any such meeting for a want of the necessary quorum, any such adjournment shall be for a minimum period of five clear days and for no more than 30 clear days (such time period for adjournment to be at the option of the Issuer).

The Issuer has agreed that it will not participate in any vote of the Senior Financing Participants, Secured Parties or any defined voting majority thereof (each as defined in the Intercreditor Agreement) or otherwise give or respond to any request for instructions, consent or waiver from Sadara, the Completion Guarantors, the Intercreditor Agent, the Onshore Security Agent or the Offshore Security Trustee and Agent or any other party pursuant to the GCTA or any other Finance Document, other than with the express consent of and at the direction of the Certificateholders and the Intercreditor Agent or as otherwise permitted under the Sukuk Split-Closing Undertaking Agreement and the Declaration of Agency.

If instructed by a duly convened and quorate meeting of the Certificateholders acting by an Extraordinary Resolution, or in writing by the holders of at least 25% of the then aggregate outstanding face amount of the Certificates, Issuer will (acting by the Certificateholders' Agent), approach the Intercreditor Agent in relation to any matter or thing relating to the Sukuk Facility in respect of which the Issuer is entitled to do so in accordance with the Intercreditor Agreement including (without limitation) to request it to call a vote of the relevant Senior Creditors in accordance with the terms of the Intercreditor Agreement.

The Certificateholders' Agent may agree, without the consent or sanction of the Certificateholders, to any modification of, or to the waiver or authorization of any breach or proposed breach of, any of these Conditions or any of the provisions of the Declaration of Agency or any other Finance Document or determine, without any such consent or sanction as aforesaid, that any Termination Event or Potential Termination Event (as defined in the Sukuk Declaration of Agency) arising under or in relation to the Sukuk Facility only shall not be treated as such if, in the opinion of the Certificateholders' Agent: (a) such modification is of a formal, minor or technical nature; or (b) such modification is to correct a manifest error; or (c) such modification, waiver, authorization or determination is not materially prejudicial to the interests of the holders of outstanding Certificates, subject always to applicable provisions of the Finance Documents.

In connection with the exercise by it of any of its powers, authorities and discretions (including, without limitation, any modification, waiver, authorization or determination), the Certificateholders' Agent shall have regard to the general interests of the Certificateholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) (and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division

thereof) and the Certificateholders' Agent shall not be entitled to require, nor shall any Certificateholder be entitled to claim from the Certificateholders' Agent or, without prejudice to Condition 10 (*Taxation*), the Issuer, Sadara or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders except to the extent already provided for in Condition 10 (*Taxation*).

Any above-mentioned modification, abrogation, waiver, authorization or determination shall be binding on all of the Certificateholders and shall be notified by the Issuer to the Certificateholders as soon as practicable thereafter in accordance with Condition 14 (*Notices*).

#### **16. INDEMNIFICATION AND LIABILITY OF THE CERTIFICATEHOLDERS' AGENT:**

The Sukuk Declaration of Agency contains provisions for the indemnification of the Certificateholders' Agent in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and / or secured to its satisfaction.

The Certificateholders' Agent makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of either the Issuer or Sadara under the Finance Documents or the Completion Guarantors under the Completion Guarantees and shall not under any circumstances have any liability or be obliged to account to the Certificateholders in respect of any payments which should have been paid by any of the Issuer, Sadara or the Completion Guarantors but are not so paid and shall not in any circumstances have any liability arising from the Sukuk Assets other than as expressly provided in these Conditions or in the Sukuk Declaration of Agency.

The Certificateholders' Agent is exempted from: (a) any liability in respect of any loss or theft of the Sukuk Assets or any cash; (b) any obligation to insure the Sukuk Assets or any cash; and (c) any claim arising from the fact that the Sukuk Assets or any cash are held by or on behalf of the Issuer or on deposit or in an account with any depositary or clearing system or are registered in the name of the Issuer or its nominee, unless such loss or theft arises as a result of negligence, wilful default or fraud by the Certificateholders' Agent.

#### **17. GOVERNING LAW AND JURISDICTION:**

The Certificates and the Sukuk Declaration of Agency are governed by, and shall be construed in accordance with, the laws of The Kingdom.

The Committee for the Resolution of Securities Disputes and the Appeal Panel shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with these Conditions and, for such purposes, the Issuer irrevocably submits to the jurisdiction of the Committee for the Resolution of Securities Disputes and the Appeal Panel. No suit, action or proceedings which may arise out of or in connection with these Conditions may be filed or brought outside The Kingdom and no court or any judicial authority outside The Kingdom shall have jurisdiction to hear any such claim.

## Use of Proceeds

The proceeds of the issuance of the Certificates, after deduction of certain agreed transaction costs and certain expenses (including, without limitation, the fees of the legal advisors (to the Joint Lead Managers and Joint Bookrunners, to Sadara and to the Sponsors), reporting accountants, marketing and printing and distribution fees and the combined management and selling commission due to the Joint Lead Managers and Joint Bookrunners) which are estimated at the date of this Prospectus to be SAR135.9 million, will be contributed by the Issuer to the Musharaka to be used in accordance with the Business Plan. The Business Plan, as further described in the section of this Prospectus entitled “*Summary of the Sukuk Transaction Documents – Musharaka Agreement*” will be to provide finance for, and procure (pursuant to one or more construction contracts with third party contractors) the construction and delivery of (i) the butyl glycol ether and amines (ethyleneamines and ethanolamines) plants; (ii) a plant to convert hydrochloric acid to chlorine (but not a related Chlor-Alkali and brine plant and associated shared services assets), (iii) the DNT, concentrated sulfuric acid, nitric acid, MNB, aniline, and formalin plants, as well as a central lab with a sample transportation system and (iv) boilers supplying steam to the assets listed in (i) to (iii) (inclusive as well as the assets which are part of the Project. In addition, the Business Plan requires funding to lease the Issuer’s proportional interest in and entitlement to them to Sadara (as lessee) on a “lease to own” basis.

## Selected Financial Information

The following summary financial information as at and for the period from 30 October 2011 (date of formation) to 30 September 2012 has been extracted from, and should be read in conjunction with, Sadara's audited financial statements (including the notes thereto) for the period from 30 October 2011 to 30 September 2012, which are included as Appendix 2 in this Prospectus.

The following table shows Sadara's interim statement of operations for the period ended 30 September 2012.

### Interim statement of operations

(All amounts in thousands of Saudi Riyals)

	Period from 30 October 2011 to 30 September 2012
<b>Income</b>	-
<b>Operating expenses</b>	
General and administrative expenses	(271,751)
Other expenses	(2,089)
<b>Loss from operations</b>	<b>(273,840)</b>
Finance cost	(4,838)
<b>Net loss for the period</b>	<b>(278,678)</b>

The following table shows Sadara's interim statement of financial position as at 30 September 2012.

### Interim statement of financial position

(All amounts in thousands of Saudi Riyals)

	As at 30 September 2012
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	1,583,790
Advances and other receivables	131,438
	<b>1,715,228</b>
<b>Non-current assets</b>	
Intangible assets	1,334,393
Property, plant & equipment (assets under construction)	3,878,111
	<b>5,212,504</b>
<b>Total assets</b>	<b>6,927,732</b>



As at 30 September 2012	
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Borrowings	2,437,725
Loans from shareholders	1,685,887
Accounts payable	487,973
Accrued and other liabilities	1,132,436
Accounts payable and accrued liabilities – related parties	1,457,389
	<b>7,201,410</b>
<b>Total liabilities</b>	<b>7,201,410</b>
<b>SHAREHOLDERS' EQUITY</b>	
Share capital	5,000
Statutory reserve	-
Accumulated loss	(278,678)
<b>Total shareholders' equity</b>	<b>(273,678)</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,927,732</b>

## Industry Overview

*CMAI is a consulting firm for the chemicals industry worldwide. CMAI was engaged by Sadara as market consultant to provide an independent assessment of the chemicals market and the Project. The executive summary of the report is attached to this Prospectus as Appendix 6 and the full report is available for inspection in accordance with the section of this Prospectus entitled "General Information". The contents of this section are derived from the information contained in the CMAI report, as well as other third party sources. This information has not been independently verified by the Issuer, Sadara, the Sponsors or any of Sadara's affiliates or advisors. As the Issuer is a special purpose vehicle incorporated for the issuance of the Sukuk, this overview provides information on market trends and industry information specific to Sadara's (and, as an indirect wholly owned subsidiary of Sadara, the Issuer's) operations.*

### *Economic Outlook in The Kingdom:*

The Kingdom is the largest oil producer in the world and accounts for 22% of global oil reserves and approximately two-thirds of the world's spare production capacity.

The historical growth rates of the private sector and the increase of its contribution in GDP indicates that the Government has succeeded with its plan of diversifying the economy and reducing its dependency on the oil sector. In numbers, the contribution of the oil sector to GDP in real terms decreased from 66% in the 1970s to around 40% in the early 1990s to 26.4% in 2011. The non-oil private sector contribution to GDP in real terms increased from around 13% in the 1970s to nearly 39% in the 1990s to 72.5% in 2011. Currently, the economy is gaining momentum and becoming more energetic due to investment in new infrastructure projects, economic cities, oil and gas, petrochemicals and other related industries.

S&P affirmed The Kingdom's sovereign rating at 'AA-' with a 'stable' outlook.

The economic policy in The Kingdom is targeting a sustained balanced economic growth in all sectors, keeping low levels of inflation rates and achieving the best allocation of resources for all sectors.

In 2011, The Kingdom's economy continued its growth, backed by a rise in oil prices, along with the supportive actions taken by the Government which impacted on the performance of all economic sectors in The Kingdom.

GDP at current market prices increased in 2011 by 28% to reach SAR2,163 billion. In real terms, GDP grew by 6.8% compared to a growth rate of 4.1% in 2010. The growth came as a result of growth in the oil sector by 4.3% and the growth of the non-oil sector by 7.8%. Total revenues in 2011 reached SAR1,110 billion while total expenditure increased to SAR804 billion. As a result, in 2011, the Government budget achieved a surplus of SAR306 billion, or 14.1%, of GDP. In line with the budget achievement, Government debt decreased to 6.3% of GDP, down from 10.2% in 2010.

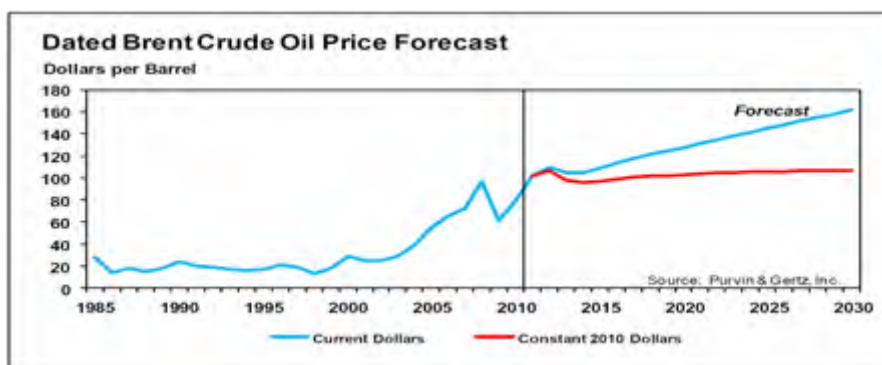
### *Crude and Petroleum Volumes and Prices:*

According to CMAI, oil prices in the short-term can react sharply to events such as political disruptions and supply interruptions. In the long-term however, global economic growth is perhaps the most important factor affecting oil prices.

The global economy continues to recover from the economic crisis that began in 2008. Given the expected pace of economic recovery and surplus crude production and refining capacity in the global system, CMAI expects prices to stay in the current range for the next several years.

The cost of finding, developing and producing new reserves requires oil prices in the USD 75 range (in constant Dollar terms) to support the necessary development of new reserves. Most new non-OPEC reserves will be in hostile environments such as deepwater or Arctic areas, or will have high operating costs such as synthetic crudes from oil sands. Although technological improvements were sufficient to keep costs from increasing substantially, the strong demand for petroleum, energy and infrastructure, in general, has created a higher price environment for engineering and construction services and commodities such as oil and steel. This has created rapidly escalating costs for crude exploration and production.

In CMAI's forecast, prices remain at levels that are more consistent with the long-term cost trend, with Dated Brent prices stabilizing at around USD 100 (in constant Dollars).



Source: CMAI

### World Petroleum Supply and Demand Balance:

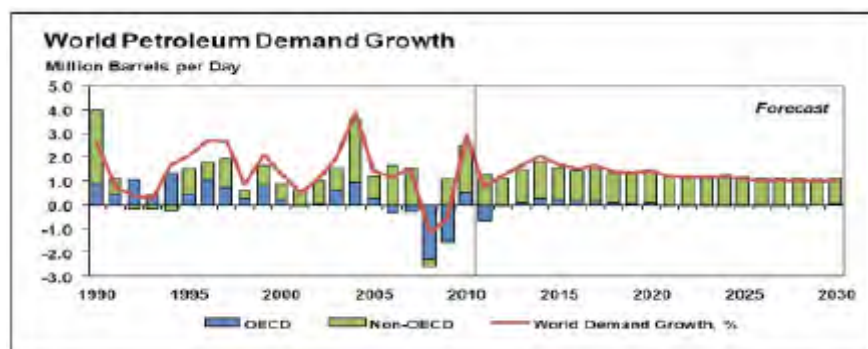
#### Demand:

Growth in demand reached a peak of 3.8% in 2004. High prices experienced since 2004 have affected petroleum demand patterns. Refined product consumption declined in many countries in 2005-2007 and was virtually stagnant in a number of others. Demand declined in 2008 by 1.0 million B/D and a further 0.5 million B/D in 2009 as a result of the recession.

Demand recovered with growth of 2.5 million B/D in 2010 due mostly to non-OECD growth, but also a moderate demand "snap-back" in North America. Demand in 2010 was 1.0 million B/D higher than in 2007, completely erasing the effects of the recession.

North America and Europe lost a combined 0.6 million B/D of demand in 2011, resulting in a global demand growth of just over 0.6 million B/D. This year, total OECD demand is projected to remain stable and global demand growth will reach 1.1 million B/D then accelerate to near 1.5 million B/D before slowing longer-term. Consumption is responding to higher prices and this is anticipated to continue over the mid/longer-term forecast period. More efficient use of petroleum is envisioned in the forecast driven by both price responses and regulatory action, such as vehicle efficiency standards. Even with this efficiency gain, CMAI's demand outlook is relatively strong.

The non-OECD countries, led by China, India, Brazil and the Middle East, are expected to be key growth engines for petroleum demand. Non-OECD demand growth has averaged 1.2 million B/D over the past ten years and 2.0 in 2010. By contrast, OECD demand will remain stable to declining over the coming decades.



Source: CMAI

#### Supply/Demand Balance:

Given the petroleum demand outlook, the world petroleum balance is derived by analyzing the availability of crude oil and other supplies and balancing this against OPEC crude oil requirements. Generally, non-OPEC suppliers produce near maximum capability. Output from the various OPEC countries is determined through proportional distribution of increased output requirements and the long-term outlook for the producing

capability of each country. As non-OPEC production growth slows, additional OPEC production is needed. OPEC spare capacity is currently reasonable. Spare capacity is projected to remain near current levels over the coming years, but it should be noted that this balance includes rather large increases in both demand growth and non-OPEC supply growth and there is a level of uncertainty on both sides.

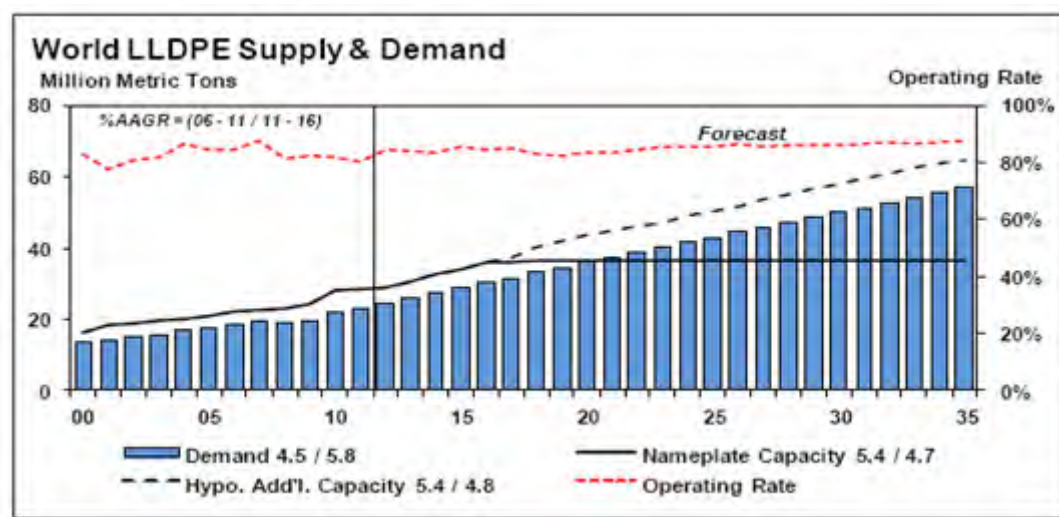
#### *Supply and Demand of LDPE and LLDPE:*

In 2011, average per capita polyethylene consumption worldwide is estimated by CMAI at just over ten kilograms per person. This average consumption obscures a range from less than one kilogram per person in developing countries to as much as 37 kilograms per person in developed countries. CMAI forecasts that global demand for LLDPE and LDPE will grow at an AAGR of 5.8% and 3.6% respectively between 2011 and 2016. CMAI states that there is tremendous growth potential in developing countries with large populations such as China, India and Indonesia. While *per capita* polyethylene consumption in China by now exceeds the global average, a large percentage remains export driven rather than being consumed domestically. India's per capita consumption at about 2.4 kilograms per person more accurately reflects final domestic demand. CMAI forecasts that the anticipated increase of India's per capita polyethylene consumption to eight kilograms *per capita* over the next 25 years will likely add over nine million mt of polyethylene demand by 2035, based on population growth estimated at approximately 300 million between 2011 and 2035. China, with an additional 35 million mt of polyethylene consumption over the same time period, dwarfs all other countries and accounts for over 40% of the estimated global total. By 2035, CMAI believes that China's per capita consumption will likely match the current levels of developed countries.

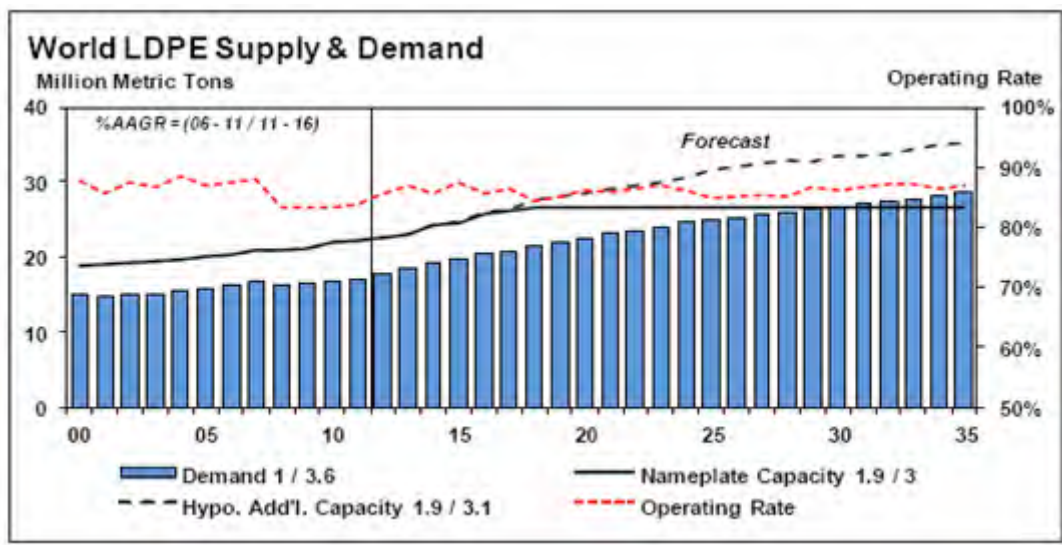
The global capacity of LLDPE is made up of 80 companies, with Dow being the clear industry leader holding 15% of global capacity. LDPE capacity is made up of a similar number of companies, with Dow holding the second-largest share of global capacity at 5%.

Currently the markets for LDPE and LLDPE are of a similar size. However, LLDPE is forecast to grow much more rapidly than LDPE. The major region for growth in both polymers will be Northeast Asia, although LLDPE will also grow at a high AAGR in many other regions.

The majority of the capacity additions between 2011 and 2016 will be located in the Middle East, China and several other Asian countries, including Singapore, Thailand, Vietnam and India. The Middle East, mainly producers in The Kingdom and Iran, will add over three million mt of LDPE and LLDPE capacity.



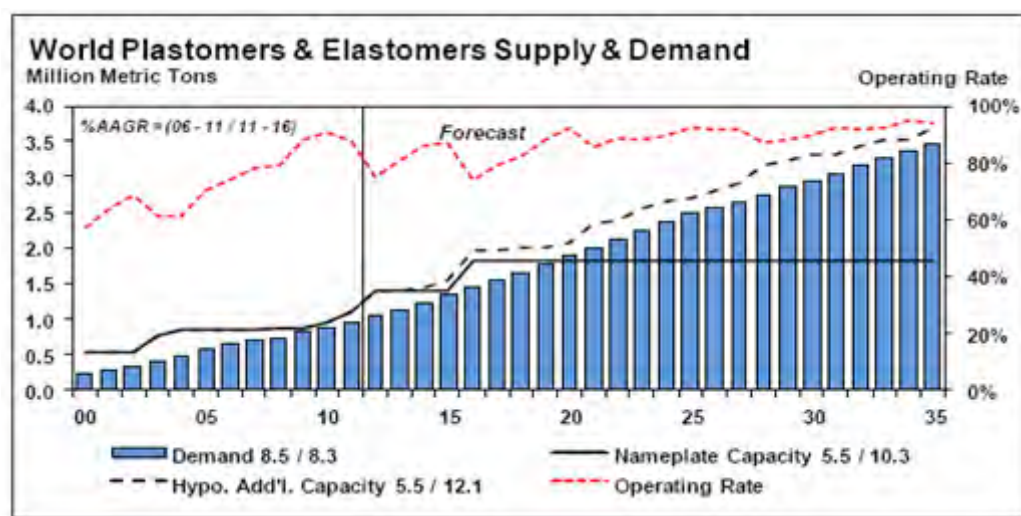
Source: CMAI



Source: CMAI

#### Supply and Demand of Elastomers:

CMAI states that the desirable characteristics of these materials have created demand and that supply has risen to meet that demand. CMAI expects global demand for plastomers and elastomers to have an AAGR of 8.3% between 2011 and 2016, with higher growth in developing regions like Northeast Asia and South America than in North America and Western Europe. Demand for plastomers is concentrated mainly in packaging applications, and is therefore less susceptible to economic downturns, unlike elastomers, which are used mainly in durables.

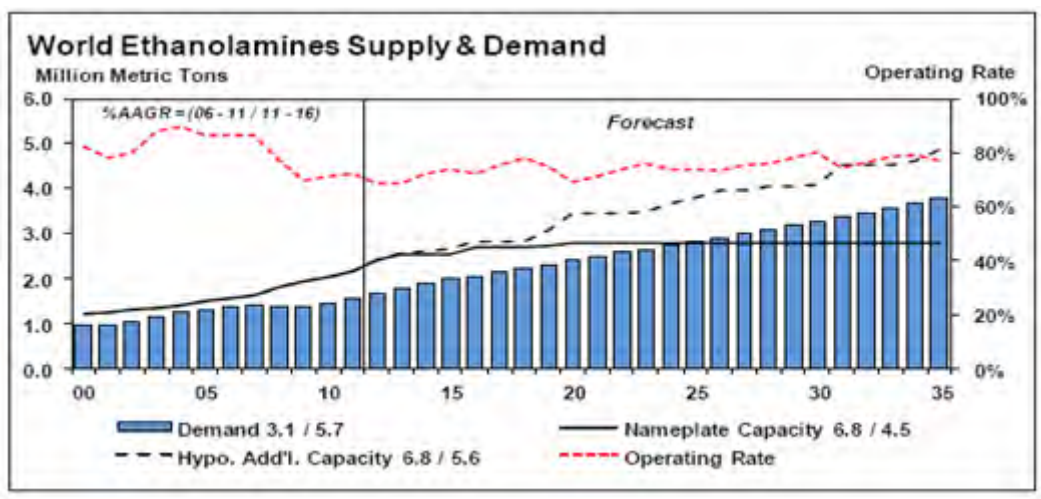


Source: CMAI

#### Supply and Demand of Ethanolamines:

CMAI expects demand for EOA to grow at rates above GDP, driven largely by emerging markets with demand expected to grow fastest in Northeast Asia (driven largely by China). Global capacity is made up of over 50 companies, with the top seven accounting for 60% of global capacity and with Dow being the leader with 17% of global capacity.





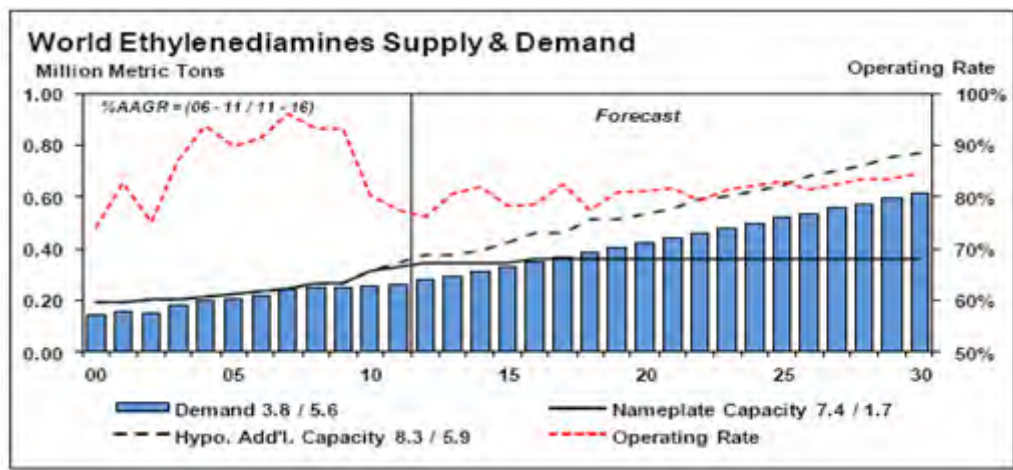
Source: CMAI

#### Supply and Demand of EA:

The 2011 total capacity for EA was slightly over 680,000 tons per annum. The largest two homologues are EDA, with a total estimated capacity of 337,000 tons, and DETA, with a total estimated capacity of 199,000 tons. EDA represents nearly 50% of total EA capacity and production and CMAI believes that it will continue to dominate over the next two years, as there will be significant capacity addition. DETA represents just under 30% of total EA capacity.

As it is difficult to ascertain the actual production levels of each of the different homologues of EA (as the complex product mix can be varied over a considerable range), CMAI has focused its supply and demand review on EDA, the largest of the homologues.

Seven companies own over 90% of the global capacity of 680,000 tons, with Dow by far the largest with 27% of global production capacity.



Source: CMAI

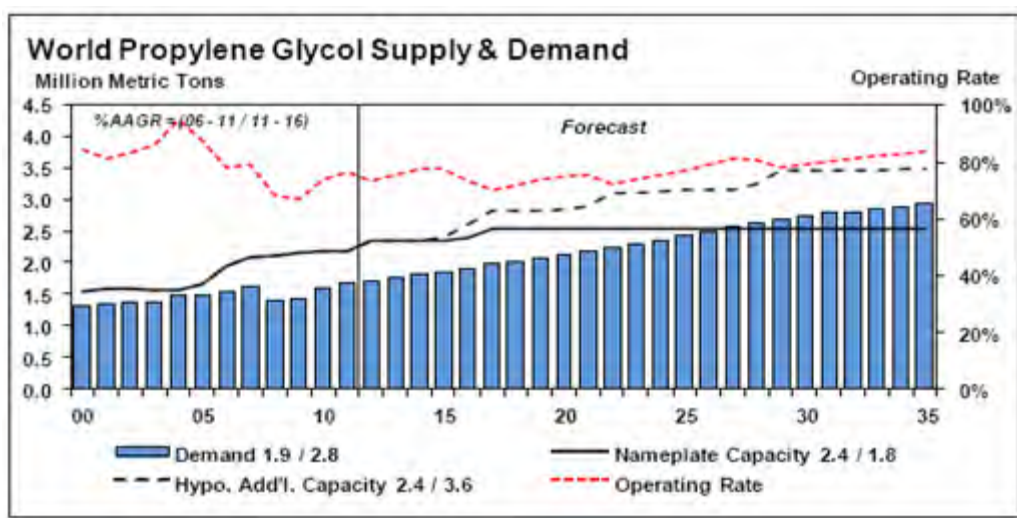
Currently, the majority of demand is located in North America, Western Europe and Northeast Asia, with the latter growing at the fastest rate. Southeast Asia demand also increases rapidly albeit from a low level currently. CMAI estimates that global demand will increase at an AAGR of over 5% between 2011 and 2016. CMAI forecasts that growth for EDA in developed countries will continue to follow GDP with growth in demand from emerging countries dependent on general industrialization and improving economies.

#### Supply and Demand of Propylene Glycol:

CMAI states that global demand for PG was 1.7 million tons in 2011, having risen on average by 3.8% per annum from 2002 to 2007. As a result of the global recession, demand fell in 2008 and 2009. CMAI notes



that global demand began to recover in 2010 and increased by 13% on a yearly basis. CMAI forecasts that global demand will grow by 2.8% per annum from 2011 over the next five years, driven by Asia (and China in particular), which is projected to grow at nearly 6% per annum over the same period. CMAI expects that the demand in the mature Western Europe and North America markets will grow at around 0.8% per annum.



Source: CMAI

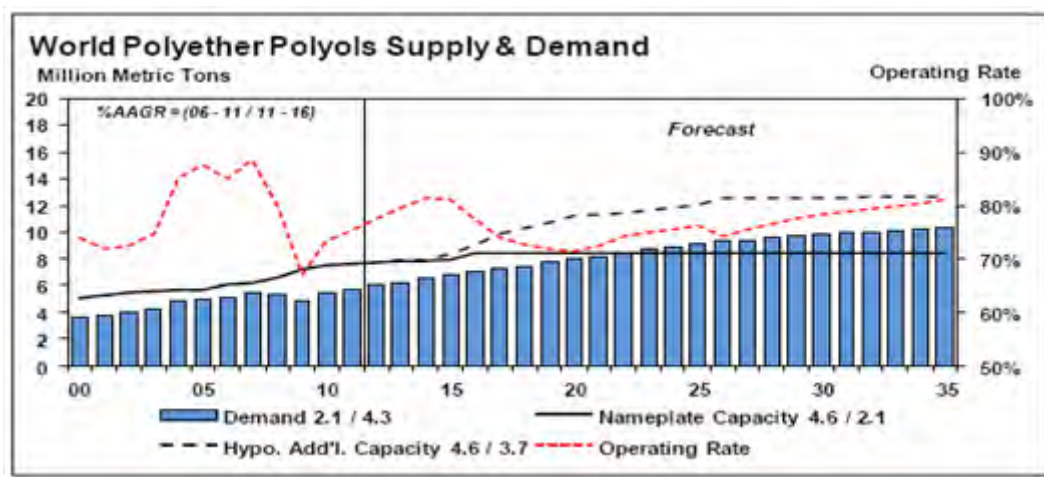
Together, Dow and LyondellBasell account for 53% of the 2.2 million mt global capacity as of 2011, with Dow the industry leader at 34%. CMAI notes that future confirmed capacity is limited. A joint venture currently planned by Dow and Siam Cement Group (Thailand's largest conglomerate) will have an annual capacity of 150,000 tons and will start up in 2012.

#### Supply and Demand of Polyether Polyols:

Currently the majority of demand is located in North America, Western Europe and Northeast Asia, with the latter growing at the fastest rate. In 2011, the estimated global demand for polyols was 5,700 mt. Consumption of polyols has grown at an average annual rate of 3.3% from 1997 to 2009. During this period, the consumption of polyols for rigid foam, flexible foam and non-foam grew at an average annual rate of 4.5%, 3.3% and 2% respectively. Demand fell from 5,500 mt in 2007 to 4,800 mt in 2009 as the global recession hit the housing and auto end-use sectors.

As the auto sector recovers, CMAI estimates that demand for polyols will grow at an AAGR of 4.3% between 2011 and 2016 to reach a level of 7,000 mt. During this period, CMAI expects the demand of polyols for use in flexible foam, rigid foam and non-foam to grow at an AAGR of 4.0%, 4.6% and 3.9% respectively. Demand for polyols in elastomers, adhesives and sealants will contribute to projected growth in non-foam application.

Between 1997 and 2011, global annual capacity grew from 4,700 tons to 7,600 tons, with North America and Western Europe being the largest producing regions. CMAI notes, however, that the share of capacity of these two regions has decreased from 67% in 1997 to 52% in 2011 due to a shift in significant capacity additions towards Asia during this period. For instance, the highest capacity growth during this period occurred in Northeast Asia, particularly in China, to meet the significant growth in demand (the capacity in China grew from 300 mt in 1997 to 1,800 mt in 2011).



Source: CMAI

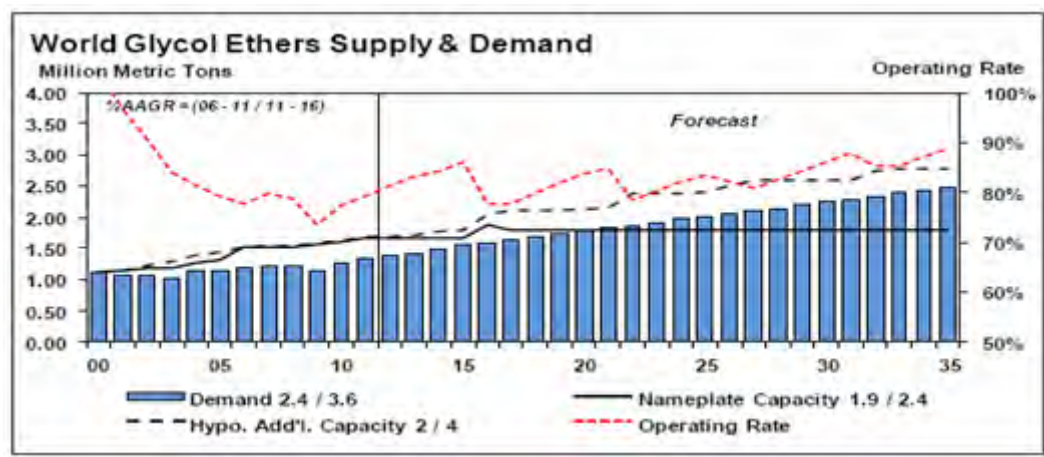
Global capacity is currently made up of over 50 companies. However seven companies share over 50% of global capacity, with Dow being the industry leader at 18% of global capacity. Outside of Asia, CMAI does not forecast any significant expansion in polyols capacity.

#### *Supply and Demand of Glycol Ethers:*

In its report, CMAI states that because many units can produce a variety of products, it is difficult to state capacities for glycol ethers with precision. Consequently, production has often been above nameplate capacity.

Capacity is relatively limited and concentrated in both North America and Europe as demand is dependent on the size and growth of the coatings industry demand (which has historically been largest in those regions). CMAI forecasts that by 2016 China's capacity will increase to over 280,000 tons 20% of global capacity).

Although demand growth in developed countries is slow, CMAI notes that growth is expanding faster than GDP in developing markets (and particularly in China) and that in 2010 consumption in Northeast Asia overtook Europe. By 2016, CMAI forecasts that Northeast Asia demand will equal that of Europe and Northeast Asia combined.



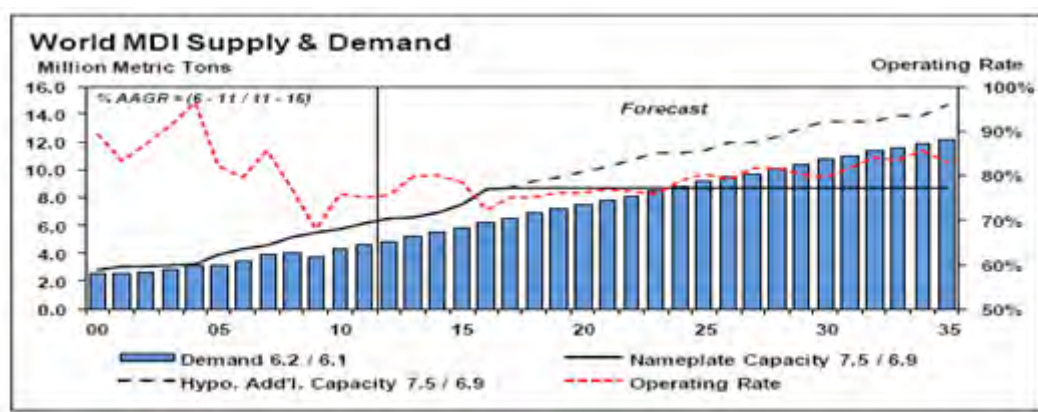
Source: CMAI

Ten companies hold 58% of the world's 1.7 million ton capacity, with Dow being the industry leader at 15% of global capacity. There is little confirmed new capacity in the next five years apart from Sadara.

#### *Supply and Demand of MDI:*

In 2011, global demand was 4.6 million tons, of which approximately 61% of demand was for the production of rigid and semi-rigid polyurethane foam, 6% for flexible foam and the remainder for non-foam applications. Approximately 85% is consumed in its polymeric form, primarily for rigid polyurethane foams, coatings,

binders, adhesives and sealants. The remaining 15% is consumed in pure form, primarily for thermoplastic elastomers and RIM applications, but also for some spandex fibers and cast elastomers.



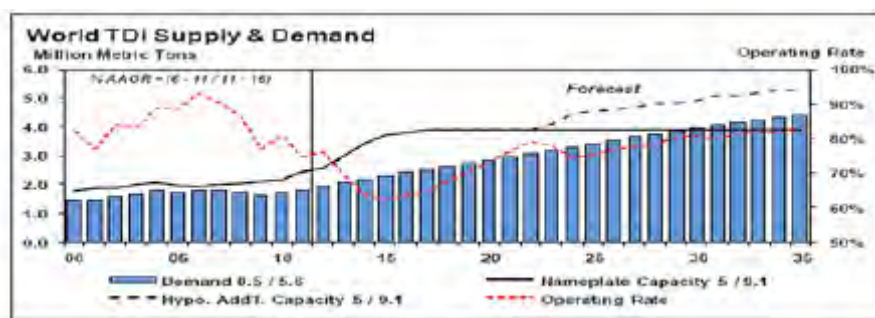
Source: CMAI

From 2000 to 2009, global demand increased by an average of 4% per annum. Demand fell in 2008 and 2009 as ultimate end markets (being largely in the housing (furniture and bedding) and auto-seats sectors) suffered during the global recession, with consumers delaying purchases and access to credit being restricted. This coincided with additional capacity expansion resulting in a drop in utilization rates to around 70%. CMAI forecasts that demand will increase at an average of 6% annually from 2011 and 2016 as consumer demand returns and access to credit increases.

Seven companies, of which Dow is the third-largest with 13% of global capacity, hold 72% of global capacity. Confirmed MDI capacity increases will mainly be located in Northeast Asia to satisfy increasing demand in the region.

#### Supply and Demand of TDI:

TDI demand is highest in Northeast Asia, followed by Western Europe and North America (with Northeast Asia growing at the fastest rate). Long-term demand growth has averaged at an AAGR of between 3% and 4%. However, like MDI, the global recession reduced demand in 2008 and 2009. CMAI does forecast that over the next five years demand growth will recover to 5.6% annually, mainly driven by rapid demand growth from China.



Source: CMAI

Global capacity in 2011 was 2.1 million mt, with seven companies holding 62% of global capacity. Dow currently has approximately 2.5% of global capacity. Based on announced capacity expansions (primarily in Asia), global capacity is projected to reach 3.7 million tons by 2015. Apart from Sadara, major expansions are expected to take place in Europe and Northeast Asia.

#### Cost Competitiveness:

CMAI has undertaken a review of Sadara's cost competitiveness for each of the Product groups on a delivered basis. CMAI analyzed the competitive cost of Products on a delivered-to-China-cost basis compared with other major exporting regions and local production in 2016 (the year in which all Sadara productions are forecast to have commenced operations). The delivered cash cost analysis uses CMAI's proprietary cost-modeling

techniques. Factors considered in CMAI's proprietary cost-modeling include technology elements of local fixed and variable cost, fixed cost variance due to plant scale and feedstock, and product value adjustment due to integration and location.

**CMAI's delivered cost analysis is based on the following inputs:**

- raw material usage and Product yield by technology;
- raw material and co-product prices adjusted for location and site specific factors (for The Kingdom ethane / naphtha cracker, the mixed C4s co-products have been valued at 0.9 times naphtha price to represent the Sadara commercial arrangement);
- utilities usage by technology, with prices adjusted by location;
- direct fixed costs;
- estimates of manpower costs;
- maintenance (as a percentage of replacement capital);
- indirect fixed costs (as a percentage of replacement capital);
- estimated local taxes and insurance (as a percentage of replacement capital);
- plant overhead (as a factor of direct fixed costs); and
- delivery costs (duties, freight forwarding, insurance, packaging and handling).

CMAI states that feedstock cost is the most important factor in developing a total cost and that for the cost competitive analysis, CMAI compares production plants on an integrated cash cost basis unless stated otherwise. The main Sadara petrochemical feedstocks are ethylene and propylene. Hence the cash cost of producing these olefins compared with other global producers is a vital consideration for the cost competitiveness of the Project. CMAI estimates that Sadara will be in the first quartile in overall ethylene cash costs (including propylene and other by-product credits).

Based on the delivered cost charts, CMAI believes that on a delivered cost basis, the Sadara average production will be competitive against other global producers exporting to China, although some products will have a delivered cash cost higher than that of domestic Chinese production.

CMAI states that Sadara has a feedstock cost advantage for products that use olefins (ethylene and propylene) produced from the cracker as their feedstocks (namely PG, glycol ethers, LDPE, LLDPE, polyolefin elastomers, polyether polyols, EOA and EA). For other Products (e.g. MDI and TDI) that use aromatics feedstock (benzene and toluene, produced as by-products from the cracker) the CMAI analysis shows that Sadara production costs are close to that of Chinese producers for MDI but greater for TDI. However, CMAI states that Sadara delivered cost will be more competitive than other global producers exporting to China.



## Business Overview

### INTRODUCTION

The Issuer is a special purpose company primarily formed for the purpose of issuing the Sukuk, the proceeds of which will be used in furtherance of the mission and overall strategy of Sadara. Sadara is a joint venture to construct, own, operate a world-leading integrated chemicals' complex in Jubail's Second Industrial City in the eastern province of The Kingdom.

The Sadara Complex will be an integrated facility initially consisting of 26 manufacturing units. These will include a mixed-feed steam cracker and an aromatics plant as the key upstream manufacturing units, three on-site third party process units and supporting infrastructure.

The Project will be executed under 49 discrete EPC packages covering process units, utilities, infrastructure and logistics. The overall cost of constructing the Sadara Complex is projected to be approximately USD19.3 billion (including financing costs). The construction activities for the Project commenced in the second-half of 2012 and Mechanical Completion of the last plant is currently expected to occur in the second-half of 2016. For a more detailed description of the EPC contract structure please see the section of this Prospectus entitled "*Summary of the Principal Project Documents – Construction Contracts*".

The mixed-feed steam cracker and the aromatics plant will produce ethylene, propylene and very high-purity benzene and toluene. These four major hydrocarbon intermediate Product streams will be further processed by Sadara's derivatives units. Sadara will source its key raw materials of ethane and naphtha (and other heavy liquids) from Saudi Aramco on terms that are competitive within The Kingdom.

The Sadara Complex has been designed to utilize commercially proven, advanced technologies licensed from Dow, Dow Affiliates and third parties to produce an extensive and diversified slate of chemicals that will introduce new value chains and performance products to The Kingdom.

SEC will provide electrical power to the Project. The Power and Water Utility Company for Jubail and Yanbu (**Marafiq**) will be responsible for the provision of water (potable water, industrial water, wastewater and sanitary water treatment).

Three process units to be built and operated by third parties will be located within the site of the Sadara Complex for process, integration and / or efficiency considerations. The HP Plant is an example of one of these units. These units will be located as close as possible to the Sadara units that will supply them with feedstock or the Sadara units that they will support. The Project will provide utilities, infrastructure and services to these third party units.

The Sponsors and their Affiliates have made certain commitments in respect of the operation of the Project. Pursuant to the Secondment Agreement, the General Services Agreement and the Dow Technical Services Agreements, Saudi Aramco and the Dow Shareholder (or their Affiliates) will provide to Sadara personnel and services, including EPC-related services and other technical services related to the Sadara Complex's operation and maintenance. Dow Saudi Arabia Product Marketing B.V. will provide marketing and lifting services to Sadara for all Products to be sold to areas outside The Kingdom and the Middle East Zone. Saudi Aramco has agreed to supply fuels and feedstock to Sadara pursuant to the Feedstock Supply Agreements. For a more detailed description of these arrangements please see the sections of this Prospectus entitled "*Summary of the Principal Project Documents – Feedstock Supply Agreements*", "*Summary of the Principal Project Documents – Dow Product Marketing and Lifting Agreements*", "*Summary of the Principal Project Documents – General Services Agreement*", "*Summary of the Principal Project Documents – Secondment Agreement*", "*Summary of the Principal Project Documents – Technology Agreements – Technical Services Agreements*" and "*Certain Relationships and Related Party Transactions*".

Sadara represents a unique alliance between two world corporate giants, each with their shared values and outstanding leadership in their respective fields, Saudi Aramco and Dow Chemical. Sadara is a joint venture to construct, own, operate a world-leading integrated chemicals' complex in Jubail's Second Industrial City in the eastern province of The Kingdom. At completion, the complex is expected to be the largest petrochemical complex in the world built in a single phase. It is envisaged that the project will set an industrial precedent in terms of value added and high quality products aimed at the developing markets of Asia, Middle East and Africa.

The Issuer is a special purpose company primarily formed for the purpose of issuing the Sukuk, the proceeds of which will be used in furtherance of the mission and overall strategy of Sadara as described in the section of this Prospectus entitled “Business Overview”.

The Issuer has no key strengths and competitive advantages and does not operate in any specific market.

The Issuer does not have any performance indicators; it is a newly established special purpose vehicle with no operating or financial history.

## PROJECT’S COMPETITIVE STRENGTHS

Sadara considers that the Project benefits from the following competitive strengths:

### *Sponsorship:*

Saudi Aramco and Dow offer world-class sponsorship of the Project, combining Saudi Aramco’s strengths as the world’s largest integrated and most reliable supplier of energy and petroleum-based derivative products with Dow’s superior downstream product technologies and world-class operational and marketing capabilities. Both Sponsors have a strong track record of successful execution and operation of petrochemicals projects. In addition:

- (a) the Project will benefit from both Sponsors’ extensive knowledge and expertise in project development, execution and operations;
- (b) Saudi Aramco has produced products for the petroleum and petrochemical markets for more than 75 years and operates facilities at over 100 sites across five countries;
- (c) Dow has produced products for the petroleum and petrochemicals markets for over 115 years and currently produces over 5,000 products at 197 sites in 36 countries across the globe; and
- (d) virtually all of the Products Sadara will produce align to the strengths of Dow in terms of broad market reach and technology. By utilizing these core strengths of Dow, Sadara has the opportunity to capture maximum value for its portfolio.

### *Sponsor Support:*

The Completion Guarantees guarantee the timely payment of all amounts due in respect of the Sukuk Facility until the Project Completion Date, together with an obligation to repay the Certificateholders in full should the Project Completion Date not be achieved by 31 December 2020. Combined with uncapped cost overrun commitments of the Shareholders (made in favor of Sadara and not the Finance Parties until the Cost Overrun Termination Date) under the Shareholder Undertaking Agreement, this completion support substantially mitigates completion risk to the Certificateholders. After the Project Completion Date, the Sponsors will (subject to the circumstances described in the section of this Prospectus entitled “*Summary of the Principal Project Documents – Global Common Terms Agreement – Share-Transfer Restrictions*”) remain committed to the Project through a minimum required shareholding in Sadara pursuant to the Finance Documents of 51% in the aggregate and 20% by each of them.

The uncapped cost overrun commitments of the Shareholders will terminate on the earlier to occur of: (i) the Project Completion Date; (ii) 31 December 2020; (iii) a demand being made under a Completion Guarantee; (iv) when all amounts comprising the Senior Debt have been fully, irrevocably and unconditionally discharged; (v) occurrence of a mandatory prepayment event where all Senior Debt is required to be prepaid; and (vi) a decision by the Senior Creditors to accelerate any Senior Debt or enforce any Security, such date being the Cost Overrun Termination Date.

### *Secure Supply Arrangements:*

With its emphasis on liquids-cracking, Sadara will constitute a milestone in The Kingdom’s industrialization and the development of its chemicals industry in particular. The Project’s mixed-feed steam cracker will crack both naphtha and ethane to enhance yields and economic performance. To this end, the Ministry of Petroleum and Mineral Resources has allocated 85 mmscf per day of ethane and 70 mmscf per day of sales gas (for both fuel and feedstock needs) to the Project.

Saudi Aramco will supply Sadara’s requirements for the following fuels and feedstocks under long-term supply agreements:



- (a) naphtha (up to 53,000 BPD for a term of 30 years);
- (b) ethane (up to 85 mmscfd for a term of 20 years);
- (c) sales gas (up to 70 mmscfd for a term of 20 years);
- (d) fuel oil, with Arab heavy crude oil to be supplied as a backup fuel (up to 16,500 BPD for a term of 30 years);
- (e) benzene (up to 380 mt per day for a term of 30 years); and
- (f) toluene (up to 190 mt per day for a term of 30 years).

For a more detailed description of these arrangements, see the section of this Prospectus entitled “*Summary of the Principal Project Documents – Feedstock Supply Agreements*”.

#### *Marketing Arrangements:*

The Project will benefit from Dow’s extensive marketing network and industry-leading positions in the Products that Sadara will manufacture.

Please see the section of this Prospectus entitled “*Summary of the Principal Project Documents – Dow Product Marketing and Lifting Agreements*” for further information.

#### *Economically Favorable Construction Contracts:*

It is envisaged that there will be in excess of 30 ‘main’ construction contracts for the Project. Accordingly, management of interface risk is an important aspect of the Project.

The Sponsors are experienced in executing multi-billion Dollar construction projects involving complex interface risks, and will provide significant resources to manage such risks, as supplemented and supported by the Project Management Consultant for the Project.

The Sponsors have formed a dedicated interface team to track and manage interface risks that will be supported by the Project Management Consultant. The Project Management Consultant has prepared an interface management plan with which each contractor will be required to comply. The Project Management Consultant has also prepared a database which lists all interface points (from engineering to procurement and construction) together with their status and this database is updated continually to ensure that it remains current at all times.

Two alternative contract models have been developed for use for the ‘main’ construction contracts:

- (a) LSTK Contracts; and
- (b) EPCM Contracts / LSPB Contracts.

The different contract models (and derivative options within these models) provide the Sponsors with flexibility as to the amount of risk that will be imposed upon the contractor(s) in relation to each work package. This flexibility will also allow the Sponsors to broaden the potential contractor bidder pool by responding to appetite in the market. This will allow greater scope for cost and schedule control, which is important given the size of the Project.

The Sponsors have developed a comprehensive set of criteria in selecting the contract type to be used for each work package.

For a more detailed description of these arrangements please see the section of this Prospectus entitled “*Summary of the Principal Finance Documents – Construction Contracts*”.

#### *Diversified and Specialized Product Slate:*

The Sadara Complex will be the first complex in the Middle East to select ethane, methane, naphtha and salt as feedstocks, which, when processed, will produce a diversified and specialized product slate and deliver new value chains and performance products to The Kingdom that have previously had to be imported. A large proportion of the final Products (isocyanates, glycol ethers, amines and polyols) are not only specialized in their market applications but also in the resultant financial returns. Typically these Products have fewer substitutes and are used in a higher proportion of essential applications that are less susceptible to economic fluctuations than typical commodity plastics and chemicals, thereby providing greater stability to the Project’s cashflows.

*The Kingdom:*

- (a) The Kingdom is financially stable (rated Aa3 / AA- / AA- Stable Outlook), has the largest level of oil reserves in the world and, through Saudi Aramco, offers the Project a secure supply of feedstock.
- (b) The Project is of strategic importance to The Kingdom. It will play a key role in The Kingdom's industrial and economic diversification and will create significant direct and indirect employment opportunities for Saudi citizens.
- (c) 30% of Sadara is planned to be owned by Saudi investors pursuant to an offering on the Saudi Stock Exchange (Tadawul).
- (d) The Project will leverage The Kingdom's competitive advantages in production of chemical and petrochemical feedstocks and the manufacture of base chemicals and many chemical derivatives to move further along the value chain towards finished goods.

*Jubail Industrial City:*

The infrastructure already available at Jubail Industrial City will reduce the capital cost investment required by Sadara, as compared to a green-field location. Sadara will also benefit from opportunities for synergies with existing refineries, local industries, utilities and the development of downstream Product converters. Capital cost efficiency will be further increased by utilizing the facilities available for construction work camps and logistics. After operations commence, Sadara will have ready access to a well-established network of utility and service providers and suppliers, in order to optimize operating costs where possible.

*The following figure shows the location of the Sadara Complex within Jubail:*



*Sadara Location in Jubail Industrial City*

*Source: Sadara*

*See further the section of this Prospectus entitled "Risk Factors – Risks Related to Sadara's (and the Issuer's) Business and the Project - Sadara will be reliant on transport infrastructure and access to port facilities".*

*Port Access:*

The Project is in close proximity to the King Fahd Industrial Port facilities which are already developed and in operation. This proximity saves not only development costs but also gives the Project access to low cost berthing facilities, central utilities facilities for third party utilities provision, and established and planned pipeline corridors.

See further the section of this Prospectus entitled "Risk Factors – Risks Related to Sadara's (and the Issuer's) Business and the Project - Sadara will be reliant on transport infrastructure and access to port facilities".

## THE SADARA COMPLEX

The Project is designed to have a long-term operational life and will comprise production facilities and supporting infrastructure. When fully operational, the Project is expected to produce approximately three million mt of chemicals and plastics sales products per annum. The chemical production complex will be fully integrated and will benefit from the well-established industrial infrastructure at Jubail.

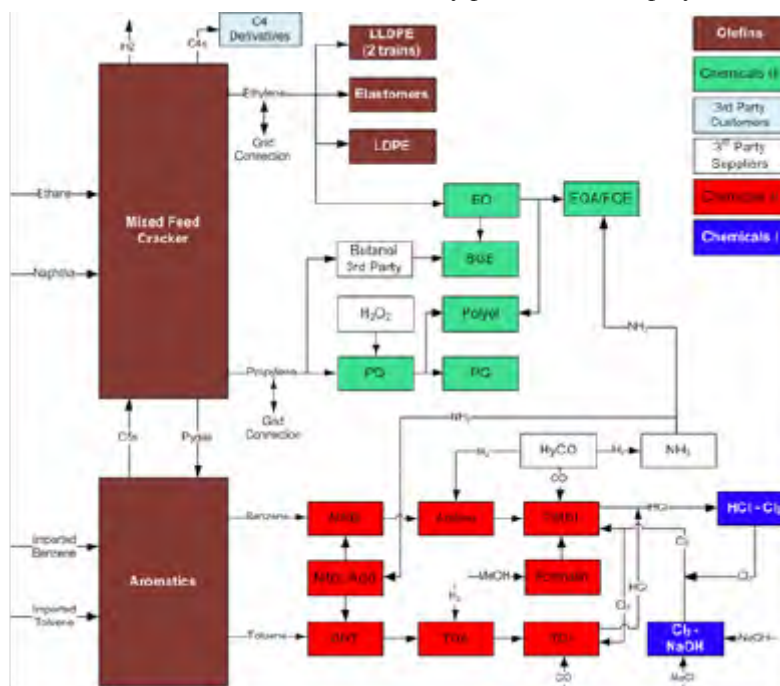
The overall Sadara Complex is configured with an MFC and an aromatics plant as the key feed process units. These units are designed to produce: (i) ethylene and propylene from ethane and naphtha feedstock and (ii) very high-purity benzene and toluene from Pygas and purchased benzene and toluene, as the four primary hydrocarbon intermediate Product streams for the Sadara derivatives process units.

## PROCESS UNITS

To facilitate the organization and execution of the Project, the feed and derivatives process units have been combined into a series of Product chains (each an **Asset Delivery Group**) based on the above-mentioned primary intermediates, plus chlorine, as listed below:

Asset Delivery Group	Process Units
Olefins	MFC, aromatics, elastomers and polyethylene plants
Chemicals I	Brine, hydrochloric acid conversion unit and chlor-alkali plants
Chemicals II	Formalin, DNT, MNB, TDA / TDI, aniline, nitric acid and PMDI plants
Chemicals III	PO, PG, polyols, EO, BGE, EA and EOA plants

The figure below illustrates the feedstocks, Products and key process units employed in the Project:



Project Process Flows  
Source: Sadara

The key process units, organized by Asset Delivery Group, are described in this section. The annual capacity listed for each unit is the notional design capacity based on unconstrained operation for 8,760 hours (24 hours a day x 365 days a year) at design rate (mt per hour).

## OLEFINS ASSET DELIVERY GROUP

The Olefins Asset Delivery Group comprises the following process units:

Description		Nameplate Capacity (KT per year)
MFC	Ethylene:	1,500
	Propylene:	400
Aromatics	Benzene:	280
	Toluene:	134
LLDPE	Two trains	375 per train
LDPE		350
Polyolefin elastomers		220 (metallocene) or 250 (Ziegler-Natta)

Source: Sadara

The Olefins Asset Delivery Group will contain the MFC, which will be designed to take feeds of ethane and naphtha, and to produce (via steam pyrolysis) ethylene and propylene for use by the Sadara downstream process units along with propylene for use by the butanol joint venture and propylene for sale. The MFC will provide intermediate feedstock for the rest of the Sadara Complex, including Pygas, which will be sent to the aromatics units for the recovery of benzene, toluene and hydrogen for hydrogenation.

The primary function of the aromatics units will be to take the MFC-produced Pygas feed, as well as purchased chemical-grade benzene and toluene, and convert them into very high-purity toluene and benzene for use as feedstock by the isocyanates production units. The aromatics units will consist of hydrogenation and extraction sections. The aromatics units will also produce a hydrogenated  $C_4/C_5/C_6$  stream and a raffinate stream ( $C_6-C_7$  non-aromatics) both mixed for recycling as feed for the cracker and a  $C_8+$  stream for sales.

The Olefins Asset Delivery Group will produce a crude C4s stream that will either be sold to third parties or recycled within the MFC, plus pyrolysis oil for export from the Project. The ethane and propane in the cracker furnaces effluents will be recovered and recycled back to the pyrolysis furnaces. Crude hydrogen from the MFC will be processed through a pressure swing absorption unit to produce hydrogen of sufficient quality for use in the downstream process units.

The Olefins Asset Delivery Group will also contain the polyethylene production facilities. Sadara will have two polyethylene units producing LLDPE, one plant producing elastomers and one plant producing LDPE.

## CHEMICALS I ASSET DELIVERY GROUP

The Chemicals I Asset Delivery Group is responsible for the following process units:

Description	Nameplate Capacity (KT per year)
Brine	N/A
Chlor-alkali	115
Hydrochloric acid to chlorine	458

Source: Sadara

The primary function of the facilities in the Chemicals I Asset Delivery Group will be to produce chlorine gas for use in downstream units and in the isocyanates (PMDI and TDI) production facilities.

Salt purchased by Sadara will be used by the brine production unit to generate the brine solution, which will in turn be used in the chlor alkali unit to produce chlorine plus caustic and hydrogen.

A separate HCU unit will generate chlorine from the return hydrogen chloride stream from the isocyanates units.

## CHEMICALS II ASSET DELIVERY GROUP

The Chemicals II Asset Delivery Group is responsible for the following process units:

Description	Nameplate Capacity (KT per year)
Nitric acid	400
Mononitrobenzene (MNB)	416
Aniline	316
Dinitrotoluene (DNT)	250
TDA	153
TDI	200
Formalin (formaldehyde)	132
PMDI	400

Source: Sadara

The Chemicals II Asset Delivery Group will be responsible for the production of nitric acid, DNT, MNB, aniline, formaldehyde, and TDA as intermediate Products, and PMDI and TDI as final Products.

The nitric acid unit will use air and ammonia from the on-site third party supplier to produce nitric acid that will be used to produce both TDI and PMDI. The MNB unit will use nitric acid and benzene to produce MNB and the aniline unit will combine MNB with hydrogen to produce aniline.

For the final production of TDI, nitric acid will be combined with toluene in the DNT unit to produce DNT. The DNT will then be converted to TDA in the combined TDA / TDI unit. Within the same combined TDA / TDI unit, the TDI final Product will be produced.

The formaldehyde (formalin) unit will convert third party supplied methanol into formalin.

The PMDI unit will use chlorine, caustic, formalin and aniline to produce PMDI as a final Product.

The scope for Chemicals II Asset Delivery Group will include a single, consolidated central analytical laboratory for quality control and assurance functions required at the Sadara Complex. The laboratory will perform analytical testing for all on-site process units. Samples will be transported to the laboratory through a dedicated system.

## CHEMICALS III ASSET DELIVERY GROUP

The Chemicals III Asset Delivery Group will be responsible for the following process units:

Description	Nameplate Capacity (KT per year)
EO	360
EOA / EA	208
BGE	200
PO	390
PG	70
Polyols	400

Source: Sadara

The Chemicals III Asset Delivery Group process units will produce EO and PO as intermediate Products, and BGE, EOA, EA, PG and polyols as final Products.

For the EO and derivatives Product chain, the EO unit will combine ethylene from the MFC with purchased oxygen to produce EO. The EO will be combined with ammonia from the on-site third party supplier in the EOA unit to produce EOA. One of the EOAs will be used in the EA unit to produce EA. The BGE unit will

use butanol from the joint venture between Sadara, Saudi Acrylic Acid Company and Saudi Kayan, along with caustic and EO as feedstock to produce BGE.

For the PO and derivatives chain, the HP feedstock will be produced by the HP production unit which will be designed, built, owned and operated by a joint venture between Sadara and Solvay and will be located inside the Sadara Complex. The hydrogen peroxide produced will be used in the PO unit to produce PO. The PO will be used to produce PG as final Product in the PG unit. In addition to making PG, the PO intermediate Product will also be used to produce polyols.

## PRODUCTS

The Project is expected to have the following Products available for sale at full operating capacity:

Product Family	Volume Available for Sale (KTA)
PMDI	400
TDI	200
PG (mono)	70
BGE	200
Polyethylene (LDPE)	350
Polyethylene (Solution LLDPE)	750
Polyolefin elastomers	220
Polyether polyols	390
EOA and EA	210
C <sub>8</sub> + raffinate	60
Crude C <sub>4</sub> s	280
Fuel Oil	90

Source: Sadara

While the Products set out in the table above comprise the expected Product lines for the Project, these may change at any time and from time to time depending on various circumstances including global and individual market demand for specific Product types.

## TECHNOLOGY AND LICENSING

Sadara has selected licensors with extensive industry experience and proven international reputations to provide the various technologies for the Project. The licensors selected for the units (if applicable) are as follows:

Description	Technology Licensor
MFC/Steam Cracking Units	Technip
Aromatics	GTC
Pygas and reformat hydrogenation	S&W
Solution Polyethylene	Dow
LDPE	Dow
Solution elastomers	Dow
Brine	n / a
Chlor-alkali	Dow
Hydrochloric acid to chlorine	ThyssenKrupp Uhde



Description	Technology Licensor
Nitric acid	Espanola
MNB	Noram
Aniline	KBR
DNT	Josef Meissner
TDA	Dow
TDI	Dow
Formalin (formaldehyde)	Formox
PMDI	Dow
EO	Dow
EOA / EA	Dow
BGE	Dow
PO	Dow
PG	Dow
Polyols	Dow

Source: Sadara

Each of the foregoing licensors has demonstrated expertise and quality performance in their respective technologies, and is recognized internationally as a developer and supplier to the process industries. Each licensor was selected following a comprehensive evaluation process so as to ensure the most suitable third party technology providers were selected for Sadara.

#### *Technip:*

Technip has been selected as the technology licensor for the MFC/steam cracking units. Technip is a world leader in steam cracker technology. The MFC/steam cracking units will utilize technology proven at the scale employed by Sadara. Dow has extensive owner experience of this technology as an owner of facilities located in North America and Europe, Middle East and Africa, ranging between 800 KTA and 1,500 KTA.

#### *S&W:*

The Pygas and reformat hydrogenation technology provider will be S&W, with a BASF reactor design and catalyst. The technology will provide for a lower long-term cost of ownership and process simplification compared to competing technologies. S&W has 22 plants in operation. Dow operates several facilities with BASF reactor design and catalyst in the United States of America, Europe and in a Thai joint venture. This technology has also been proven on a similar scale to Sadara.

#### *GTC:*

GTC has been chosen as technology provider for aromatics extraction due to its technology's capability for superior benzene and toluene purity and recovery, together with lower capital costs, feedstock flexibility and ease of operations. GTC has six plants in operations, of which three started up in 2008. Dow operates an aromatics extraction unit using GTC technology in a joint venture in Thailand which commenced operations in 2009. This technology is also proven to operate on a scale similar to Sadara.

#### *ThyssenKrupp Uhde:*

The HCU unit will use commercially-proven technology from ThyssenKrupp Uhde.

*Espanola:*

The nitric acid plant will use proven and widely-practiced technology licensed from Espanola. The Espanola technology is mature, with a lower cost of ownership and a higher nitric acid recovery rate than other competing technologies. It is currently employed in 12 licensed plants worldwide.

*Noram:*

The MNB will use technology from Noram, which has extensive experience designing plants of Sadara's scale and has eight plants in operation with a further three under-construction. The Noram technology has lower capital cost and utility consumption, higher reliability, demonstrated long run-time between shutdowns, high reactor conversion and low by-product yields.

*KBR:*

The aniline unit will utilize industry-standard technology licensed by KBR. The design will be robust with superior safety performance and high yields. The licensor has several plants in operation and Dow is an existing user of this technology.

*Josef Meissner:*

The Josef Meissner technology to be employed in the DNT plant (which will include sub-licenses from Plinke for spent acid concentration and thermolysis, giving execution advantages to the Project) is currently in operation in 14 licensed plants, including a 260 KTA plant.

*Formox:*

Formox will be the technology licensor for the formalin unit. The Formox technology offers the lowest long-term cost of ownership, and has a strong safety record. There are over 100 formalin plants licensed by Formox in operation, many of which are larger than the proposed Sadara plant.

*Dow:*

Sadara's solution polyethylene plants will utilize Dow's proprietary solution polyethylene technology. Dow and its Affiliates own and operate 19 such plants worldwide utilizing the same technology and have built a world-class plant every 18 months on average for the past ten years. The proprietary catalyst provides for low cost manufacturing and asset flexibility, and the manufacturing process produces a consistent and high quality product.

Dow will also be the technology licensor for the LDPE plant. Dow owns and operates 20 high pressure polyethylene trains in eight locations worldwide. The compressor / reactor combination for the Sadara unit will be of a standard industry size and is proven in commercial operations.

Dow will also provide the technology for the solution elastomers unit. Dow owns and operates five trains producing specialty solution elastomers in three geographic locations, with a further train under-construction at a fourth location.

Dow will be the licensor for the chlor alkali unit, which will utilize a membrane technology. Dow is the world's largest producer of chlorine, producing 5,900 KTA at 16 facilities in five locations on three continents. The Dow membrane technology has lower operating and maintenance costs and higher utilization rates than competing technologies.

Dow will be the technology provider for the TDA / TDI unit. The TDA process technology is straightforward and provides improved reliability and lower capital and operating costs. Dow will also be the TDI technology provider, and is currently the fourth-largest TDI supplier in the world, with over 30 years' experience in the field. The TDI technology is intended to provide reduced capital and operating costs and a high level of reliability.

Dow will also be the PMDI technology provider. Its technology offers broad product mix flexibility, with a proven ability to operate in integrated complexes. Dow has over 20 years' experience and operates a world scale plant in Texas, United States of America. It has over 550 KTA production across three plants in three countries.

Dow will be the technology licensor for the EO plant and will provide its most advanced technology (METEOR™ HEXTEO™) which is widely practiced. Dow is one of the world's largest EO producers, operating 11 world-scale plants in six countries, with over 80 years of EO experience. Dow has over 12 years of METEOR™ experience, with over 1,350 KTA in operation in four plants. The single reactor design will reduce equipment requirements and will provide a more robust and inherently safer design. A proprietary catalyst lowers capital and operating costs and reduces greenhouse gas emissions.

Dow will also be the amines technology provider. Dow is the largest global producer and marketer of EOA and EA. The Dow EOA process is simple, with production of consistently high quality and reliability. Dow has over 25 years of EA production experience and operates the largest plants in the world. The EA process is straightforward with lower maintenance and energy costs, which make the process more environmentally attractive.

Dow is also providing the BGE technology and is the world's leading producer, with over 28 years of operating experience at world-scale. The Dow BGE technology produces consistently high quality product and promotes plant reliability. It also provides the ability to adjust product mix whilst operating.

The PO unit will use technology which is jointly owned by BASF and Dow. This technology (whose only co-product is water) received a 2010 Presidential Green Chemistry Challenge Award and the Institution of Chemical Engineers Innovation and Excellence Award. The first world-scale plant based on this technology started up at the end of 2008, and a second plant (of scale equivalent to that of the Sadara plant) has been operating since 2011.

Dow will provide the PG technology. Dow is the world's leading producer of PG, operating five plants in four countries and has over 50 years of PG experience. The Dow technology produces premium products with high flexibility in product ratios, coupled with low energy consumption.

Finally, Dow will provide its proven polyol technology to Sadara. Dow is the largest polyol producer in the world with over 1,300 KTA in production in 12 plants across 12 countries. The Dow technology features low energy consumption, high raw material yield and production capability for a broad product mix.

## CATALYST SUPPLY

Sadara will enter into Catalyst Supply Agreements with Dow entities and certain third party suppliers, which will set out the terms and conditions pursuant to which Sadara will purchase proprietary catalyst components for the Project.

Each Catalyst Supply Agreement will address order lead times and frequency, forecasting requirements and recommended storage conditions. The overall catalyst supply loop, shipping and storage practices are well-established for all catalysts.

### *Dow Proprietary Catalysts:*

Sadara and the relevant Dow entities will enter into Catalyst Supply Agreements relating to the following Dow Technologies: solution polyethylene, solution elastomers, EA, METEOR™ EO, polyols (DMC), and PO (the **Dow CSAs**).

Key terms of the Dow CSAs will include the following:

- For solution polyethylene, solution elastomers, EA, polyols (DMC) and PO, the fee for the catalyst components will reflect Dow's actual cost in supplying the catalyst. For METEOR™ EO technology, the fee for the catalyst components will be determined by a formula based on published indices. Pricing terms will remain in effect for the terms of the Dow CSAs, which, with the exception of polyols (DMC), extend for a period of time longer than the anticipated tenor of the Senior Debt.
- The supplied catalyst components will meet certain catalyst specifications.
- Sadara will follow responsible practices relating to the safety, use, storage, and handling of the catalyst components.

*Third Party Proprietary Catalysts:*

All third party suppliers are well-established and are either major diversified chemical companies (such as BASF and Bayer) or are well known catalyst suppliers with a worldwide presence. Dow has long-standing relationships with all of Sadara's third party catalyst suppliers.

*Description of Proprietary Catalysts:*

Below is a description of the proprietary catalysts being supplied to Sadara for each licensed process.

Licensed Process	Catalyst Type	Supplier
HPPO	Fixed Bed – Epoxidation Catalyst	Dow Europe GmbH (with the catalyst to be sourced from BASF)
EA	Fixed Bed – Rhenium Containing Catalyst	Dow
Solution Polyethylene & Solution Elastomers	Consumed	Dow (with the catalyst to be sourced by Dow from a third party supplier)
Polyols using Double Metal Cyanide (DMC) Catalyst	Consumed	Dow Europe GmbH (with the catalyst to be sourced from Bayer)
METEOR™ EO 200 Catalyst	Fixed Bed Silver Containing Catalyst	Dow
Pygas Hydrogenation	Fixed Bed - Palladium Containing Catalyst Fixed Bed – Cobalt Molybdenum Containing Catalyst	BASF
Formalin	Fixed Bed – Molybdenum Containing Catalyst Fixed Bed – Noble Metal Containing Catalyst	Formox

Please also see the section of this Prospectus entitled “*Summary of the Principal Project Documents – Catalyst Supply Agreements*”.

Dow's globally proven Operating Systems and Tools will be used across the Sadara plants. The highly integrated Sadara plants need a common set of work processes and electronic tools in order to drive efficiency and process safety. Dow's Operating Systems and Tools are the manufacturing work processes and electronic tools that Dow uses globally to efficiently, effectively and safely design, operate and maintain its plants.

## LABOR AND EMPLOYEE MATTERS

Manpower requirements for commissioning, start-up and steady-state operations have been determined making extensive use of internal and external benchmarks to ensure optimal staffing levels in an organization using best in class work processes and practices.

The Manufacturing Organization will initially comprise 40% experienced workers, subject matter experts and secondees from the Sponsors and contractors, with the remaining 60% comprising new hires. Each new hire will undertake a rigorous and comprehensive training programme that will take place at 34 sites, beginning at Saudi Aramco locations and complemented by extensive training assignments at Dow petrochemical facilities and technology provider sites around the world. The Project began the recruitment of personnel for the Manufacturing Organization in 2011 and implementation of the training programme commenced in 2012.

At the time steady state operations begin, the Manufacturing Organization will employ around 1,900 permanent employees (excluding EHS) and around 200 contractors. In addition, Sadara will employ a large number of secondees and subject matter experts from the Sponsors to ensure safe and smooth start up and to accelerate knowledge transfer. The projected Manufacturing Organization staffing requirements over the life of the Project, together with a breakdown by employee type, are as follows:

	2012	2013	2014	2015	2016	2017	2018
Employee	223	1,114	1,631	1,697	1,715	1,787	1,922
Contractor	11	35	145	203	203	203	213
Seconded Employees	46	90	131	139	107	33	33
Subject Matter Experts	18	26	84	102	68	34	16
Apprentices	592	78	144	128	128		
Total Manufacturing	890	1,343	2,135	2,269	2,221	2,057	2,184

Source: Sadara

The secondees and subject matter experts from the Sponsors will be gradually redeployed during the first two to five years after start up as Sadara employees gain sufficient knowledge and expertise to operate the facilities independently.

## INSURANCE

Sadara is required to maintain various insurance policies to insure against those risks which, individually or in combination, could threaten the survival or economic viability of the Project. Sadara will ensure that its insurance cover is cost-effective and appropriately supported. The Sponsors have assigned risk management/ insurance specialists to advise on risk of loss and insurance matters related to the Project and to make appropriate arrangements for insurance to meet local regulations as well as the needs of the Project.

Insurers and reinsurers are required to have a minimum S&P rating of A- or an equivalent rating by AM Best, Moody's or Fitch. The Sponsors' captive insurance and reinsurance companies may also act as insurer or reinsurer. Sadara will use its reasonable endeavors to procure that not less than 90% (in respect of construction phase insurances) or 95% (in respect of Operational Phase Insurances) are issued by an insurer outside of The Kingdom. Sadara may elect (but is under no obligation) to procure entry by the relevant insurers into reinsurance policies.

The requirement to have construction phase insurances in place applies from the Closing Date until the Commercial Operations Date (in the case of a Third Party Project) or the issuance of a provisional acceptance certificate (in all other cases). The requirement to have Operational Phase Insurances (other than business interruption insurances) in place applies from the date that a construction phase insurance ceases to apply. Prior to the Project Completion Date, Sadara is not required to have any business interruption insurance in place to provide cover against damage to the Sadara Complex, which causes interruption to the operations of the Project during the construction period. Upon the Project Completion Date, business interruption insurance will be provided with the sum insured to be determined, being not less than the aggregate of: (i) debt service; and (ii) fixed O&M costs, respectively, for 12 months.

During the construction phase, Sadara will maintain "Erection/Construction All Risks Insurance" and Third Party Liability Insurance policies, with the Security Agents named as additional named insureds on the Third Party Liability Insurance policy. With respect to those Operational Phase Insurances entered into prior to the Project Completion Date, the Security Agents will be named as additional named insureds for both the "Property Insurance" and the "Commercial General Liability Insurance" policies. From the Project Completion Date, the Security Agents will be named as principal insureds on all Operational Phase Insurances.

In addition to the main insurances described above, Sadara must maintain insurances required by any Applicable Law including all statutory requirements and any Project Documents to which it is a party and under which it is obliged to purchase and maintain any insurance. Sadara's right to maintain insurances outside the scope of the Required Insurances is reserved as long as such other insurances do not adversely affect any rights to recover under the construction phase insurances and the Operational Phase Insurances as well as those insurances required by Applicable Law or the Project Documents. Insurance regulation in The Kingdom is in the early stages of development and for certain mandatory local coverage, such as motor, medical and medical malpractice (clinic employees), locally licensed insurers will be used exclusively. To the extent required by the laws of The Kingdom, non-rated local insurers may be used for the issuance of local policies. SAMA has provided Sadara with a waiver which requires that only 5% of the insurance policies be offered to local in-Kingdom insurers.

If any of the Required Insurances are not available on reasonable commercial terms (including cost), Sadara will not be required to maintain such insurances but will notify the Intercreditor Agent at once and will reassess the market once every 12 months and take out such insurances if they subsequently become available on reasonable commercial terms.

## **CONSULTANT REPORTS**

Sadara has engaged various consultants and experts to review the Project and the Financial Model in order to provide the Certificateholders with an independent evaluation of certain aspects of the Project, including Sadara's environmental obligations, its proposed insurance package and the projected revenues of the Project. See Appendices 5-8 of this Prospectus, where the executive summaries of each of these reports, except for the Model Auditor Report, are appended. The full reports for each of these executive summaries, as well as the Model Auditor Report, are made available (in copies) for inspection by prospective Certificateholders, for 20 days before the Closing Date and, thereafter, for so long as any amounts remain payable under the Certificates, by Certificateholders during normal business hours on any weekday (excluding Thursdays, Fridays and public holidays) at the Specified Office of the Certificateholders' Agent (HSBC Saudi Arabia Limited, HSBC Head Office, Olaya Road, Al-Murooj District, P.O. Box 9084, Riyadh 11413, The Kingdom).



## Finance Plan

Under the base case financing plan for the Project, as at the date of this Prospectus, the total Project Costs are projected to be approximately USD 19.3 billion (including financing costs). Project Costs will be funded through a combination of limited recourse Senior Debt and Equity and, as a condition to the Project Completion Date, the Debt-to-equity Ratio must be no greater than 65% Senior Debt and 35% Equity. Equity may take the form of contributions to the share capital of Sadara or subordinated Shareholder loans (including by way of Equity Bridge Facilities) to Sadara, and may also be made up of internally generated net cash flows.

The Project's Senior Debt requirements are expected to be met by a combination of the following:

- (a) a USD-denominated loan provided by a syndicate of commercial banks on an uncovered basis (which may, at Sadara's option, include a letter of credit facility);
- (b) a SAR-denominated loan provided by a syndicate of commercial banks on an uncovered basis;
- (c) one or more Shari'a compliant facilities;
- (d) a USD and / or SAR denominated loan facility provided by PIF;
- (e) loan facilities that are provided, insured or guaranteed by ECAs denominated in USD and/or SAR; and
- (f) one or more debt capital markets issuances (including the issue of the Certificates).

In relation to the expected SIDF Facility which will constitute either Replacement Debt or Supplemental Debt, SIDF will not accede to the GCTA, Intercreditor Agreement or any other Common Finance Document and will not share in the proceeds of the common security package. SIDF may or may not enter into a separate intercreditor arrangement with the Secured Parties, but there is no obligation for it to do so as a condition to Sadara entering into the SIDF Facilities.

From the date the SIDF Facilities are entered into (if any), SIDF will benefit from certain security interests particular to itself and not to any other party. SIDF's separate security package is expected to consist of a mortgage over certain of Sadara's fixed assets, an assignment over certain technology rights related to the Project and, on and from the Project Completion Date, an assignment over the Required Insurances, in each case, to the extent SIDF requires security over the same. It is expected that SIDF will grant security, in favor of the Secured Parties generally, over any residual proceeds following the enforcement of its own security. For a further description of the differences in the security packages as between SIDF and the Secured Parties generally and the risks related therewith, see the section of this Prospectus entitled "*Risk Factors – Risks Related to the Intercreditor Documents and the Security granted by Sadara and/or the Issuer for its Indebtedness – Security granted by Sadara for the Senior Debt (including the Sukuk Facility) is limited, and its enforceability is subject to some uncertainty*".

### Sources and Uses of Funds:

The base case sources and uses of funds for the Project are summarized in the table below (using an exchange rate of SAR3.75 to USD 1). The sizing of the various components of the Senior Debt indicated is for illustrative purposes only; the overall amount of Senior Debt to be raised and the allocation between the debt sources will be determined by the Shareholders taking into account their relative cost and other relevant considerations.

Sources of Funds	USD millions	Uses of Funds	USD millions
ECA Facilities	7,300	Capital Costs, Third Party Equity Investments, Pre Operating Costs, SU&C and Other	16,679
PIF Facility	1,300		
Commercial Bank Facilities*	2,566	Pre-Completion Net Operating Costs	276
Sukuk Capital Markets (USD equivalent)	1,400 <sup>1</sup>	DSRA Required Balance*** and Operating Account Funding	857

<sup>1</sup> NOTE: This may be increased to USD2,500 million as a maximum based on market appetite. If the issuance amount exceeds USD 1,400 million the others sources of finance will be adjusted accordingly.

Sources of Funds	USD millions		Uses of Funds	USD millions
Total Senior Debt	12,566	65%		
Share Capital / Shareholder Subordinated Loans	4,252		Premia, Commission, Fees, Charges and Expenses ****	1,520
Pre-Completion Net Revenues	2,514			
<b>Total Equity</b>	<b>6,766</b>	35%		
<b>Total Sources</b>	<b>19,333**</b>		<b>Total Uses</b>	<b>19,333</b>

\*Includes letters of credit issued under the Dollar L/C Facility and Shari'a compliant facilities

\*\*Numbers may not sum due to rounding

\*\*\* Assumed to be met by letters of credit issued under the Dollar L/C Facility

\*\*\*\*Amount is inclusive of Bridge Financing commission costs.

Source: Sadara Financial Model 130131 01.xls

The USD denominated loans provided by a syndicate of commercial banks may include a letter of credit facility for the purpose of issuing a letter of credit in place of all, or a portion of, the cash deposited in the Debt Service Reserve Account and Maintenance Reserve Account. Letters of credit will constitute Senior Debt obligations and rank *pari passu* with the Senior Debt.

*The terms of the financing will include:*

- (a) Completion Guarantees on a several basis: 65% from Saudi Aramco prior to the IPO (*provided that* following the IPO, the Completion Guarantee provided by Saudi Aramco will continue to cover a percentage of the Senior Debt that includes both its shareholding and that of the PublicCo Shareholder) and 35% from Dow. Pursuant to the Completion Guarantees, the Sponsors will guarantee (until the Project Completion Date) the payment of debt service not otherwise paid by Sadara and will undertake, subject to a vote among the requisite majority of the Senior Creditor Groups in accordance with the Intercreditor Agreement, to repay Senior Debt in full in circumstances where (a) the Project Completion Date does not occur by 31 December 2020; or (b) certain Fundamental Events of Default occur; and
- (b) Pursuant to the Shareholder Undertaking Agreement, undertakings from the Shareholders (severally) to Sadara, to fund all construction cost overruns.

*Shareholder Commitments:*

A minimum of 35% (as at the Project Completion Date) of the Project Costs (estimated at approximately USD 6.8 billion as at the date of this Prospectus) will be committed by way of Equity of which it is expected that, for the issued share capital and subordinated Shareholder loans, 65% will be contributed by Saudi Aramco and 35% will be contributed by Dow.

Saudi Aramco and Dow must, subject to the terms of the financing, at all times while the Certificates are outstanding, remain significant (direct or indirect) shareholders of Sadara. Saudi Aramco's shareholding may, at any time following Second Financial Close, be reduced from 65% to 35% by a capital contribution from public investors in The Kingdom following an IPO of shares in a newly formed holding company, (the PublicCo Shareholder), of Sadara. Apart from the IPO, no reduction is permitted to the Sponsors' respective indirect shareholdings in Sadara prior to the Project Completion Date. Following the Project Completion Date, the Sponsors must retain at all times (directly or indirectly) at least a 51% aggregate shareholding and at least a 20% shareholding each, in Sadara.

The Shareholders will not be required to provide their Equity funding *pro rata* with advances of Senior Debt but it will be a condition to a drawdown under any of the Senior Debt (and to the issuance of the Certificates) that the outstanding Debt-to-equity Ratio is no greater than 80:20 immediately following that drawdown or issuance.

### *Cash available for debt service and repayment schedule:*

In order to show, in relation to Sadara, an estimate of the cash flow available for debt service, fees and commission on all Senior Debt outstanding and the total scheduled repayments of Senior Debt that will be made annually from 2013 to 2029 (assuming the Second Financial Close occurs), it is necessary to make certain assumptions, including (amongst others) as to (i) the date, amount and the terms and conditions of the Initial Supplemental Debt that is expected to be incurred at the Second Financial Close; (ii) commission rates; and (iii) economic and technical assumptions for the Project. Based on the assumptions set out in the financial model dated 31 January 2013 the estimate of cash flow available for debt service, fees and commission on all Senior Debt outstanding and the total scheduled repayments of Senior Debt that will be made annually from 2013 to 2029 (including the Initial Supplemental Debt) are shown in the table below:

### *Cash Flow and Debt Service Table 2013 to 2029*

Source: Sadara Financial Model 130131 01.xls

Item (USD millions)	Total	2013	2014	2015	2016	2017	2018	2019	2020	2021
Pre-Project Completion Date cashflow	2,238*	1	3	(144)	612	1,765	-	-	-	-
Post-Project Completion Date available cashflow	9,435	-	-	-	-	-	2,208	2,427	2,318	2,482
Net fees, premia and commission**	3,158	231	220	294	350	393	435	430	414	392
Senior Debt scheduled repayments***	3,080	-	-	-	-	-	697	778	791	815
Item (USD millions)	Total	2022	2023	2024	2025	2026	2027	2028	2029	
Post-Project Completion Date available cashflow	22,103	2,529	2,471	2,821	2,607	2,866	2,842	2,823	3,144	
Net fees, premia and commission**	1,660	364	333	292	241	191	137	78	24	
Senior Debt scheduled repayments***	8,948	891	966	1,117	1,129	1,210	1,349	1,419	867	
Pre-Completion Net Revenues	2,238									
Post-Project Completion Date available cashflow	31,538									
Net fees, premiums and commission**	4,818									
Senior Debt scheduled repayments***	12,027									

Numbers may not sum due to rounding

\*Please note that this amount is the net of (i) Pre-Completion Net Revenues and (ii) Pre-Completion Net Operating Costs, in each case as set out in the section of this Prospectus entitled "Sources and Uses of Funds".

\*\* Please note that prior to the Project Completion Date (assumed in the financial model to be 31 December 2017), all commission, premia, fees, costs, charges and expenses associated with the financing of the Sadara Complex are "Project Costs" and therefore are assumed to be funded by Senior Debt and Equity in accordance with the terms of the Finance Documents.

\*\*\* The total scheduled Senior Debt repayments of USD12,027 million shown above does not include the USD539 million of letters of credit that are assumed to be issued under the letter of credit facility at the Project Completion Date (as they are not assumed to be claimed). Please note that the refinancing (repayment) of the Bridge Financing from proceeds of the Initial Senior Debt is not included in the figures above.

## Description of the Issuer

### General:

Sadara Basic Services Company, a Saudi closed joint stock company, was incorporated on 11 Safar 1434H (corresponding to 24 December 2012G) pursuant to the resolution of His Excellency the Minister of Commerce and Industry, number (29/Q) in accordance with the Saudi Arabian Companies Law and with the Foreign Investment Law. The Issuer was registered in the commercial register of the City of Jubail, with company registration number 2055018374, on 3 Rabi' al-Awwal 1434H (corresponding to 15 January 2013G). The Issuer has been established for the purpose of carrying out maintenance and operation contracts, and managing and operating petrochemical plants. The Issuer will only enter into the transactions contemplated by the Transaction Documents. The address of the headquarters of the Issuer is Jubail Industrial City II, The Kingdom. The Issuer occupies its premises at 7448 King Saud Road, Dhahran 34455-4088, The Kingdom pursuant to a sub-lease agreement dated 24 Muharram 1434H (corresponding to 8 December 2012G) and made between Sadara as sub-lessor and the Issuer as sub-lessee.

The authorized share capital of the Issuer is SAR2 million divided into 200,000 authorized ordinary shares of equal value of SAR10 each, all of which have been issued and are fully paid up (the **Issuer Shares**). No part of the Issuer's share capital is currently under option. The Issuer Shares are held as follows:

Name	Number of Issuer Shares	Par Value (SAR)	Total Par Value (SAR)	Percentage (%)
Sadara Sukuk Wahid B.V. .	40,000	10	400,000	20
Sadara Sukuk Ithnayn B.V.	40,000	10	400,000	20
Sadara Sukuk Thalatha B.V.	40,000	10	400,000	20
Sadara Sukuk Arba'a B.V.	40,000	10	400,000	20
Sadara Sukuk Khamsa B.V.	40,000	10	400,000	20
<b>Total</b>	<b>200,000</b>	<b>-</b>	<b>2,000,000</b>	<b>100</b>

Source: Issuer

In respect of the first four shareholders listed above (who also act in the capacity of directors of the Issuer), 1,000 of the Issuer Shares respectively held by them are in each case allocated for the purpose of providing the guarantee shares required to be provided by directors of joint stock companies as a matter of law and in accordance with the by-laws of the Issuer. The total number of Issuer Shares allocated for this purpose is 4,000, being 1,000 per relevant shareholder, with a total value of SAR40,000 out of the total authorized share capital of SAR2 million.

As at the date of this Prospectus, the Issuer has not granted any mortgages, charges or other security interests over any of its property, but it will do so on and from the Closing Date pursuant to the Issuer Security Documents.

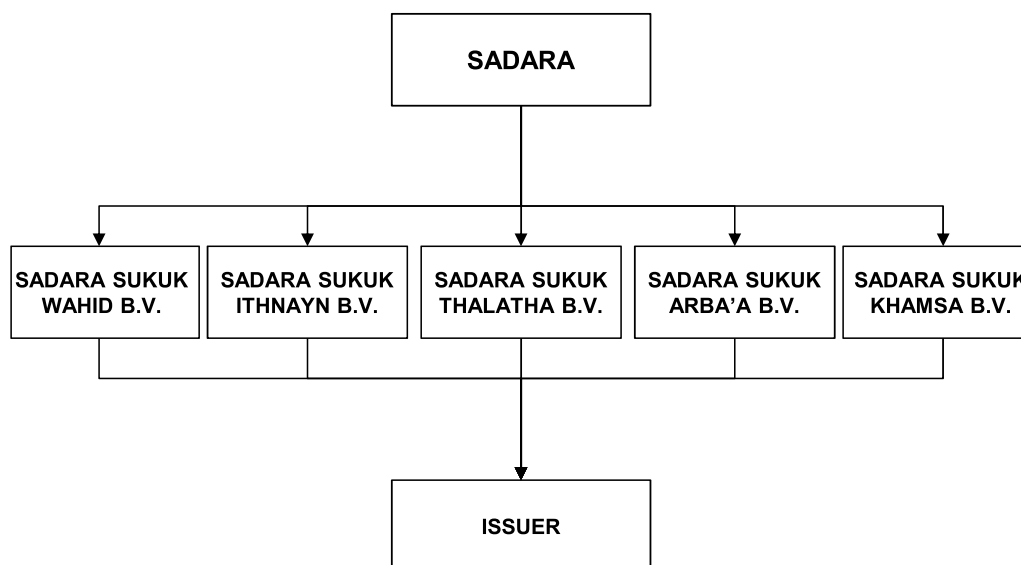
### Business of the Issuer:

The Issuer's corporate objects as set out in its by-laws are carrying out maintenance and operation contracts, and managing and operating petrochemical plants pursuant to SAGIA Licence No. 1029331225517 dated 3 Muharram 1434H (corresponding to 17 November 2012G).

The Issuer has no prior operating history or prior business and, since the date of its incorporation, has not incurred, and will not incur, any substantial liabilities or operations other than in connection with the issuance of the Certificates. As at the date of this Prospectus, the Issuer has not earned any profits, provided any guarantees or incurred any contingent liabilities. As at the date of this Prospectus, no payments by the Issuer have fallen due under any of the Finance Documents.

### Issuer's Corporate Structure:

The following organizational chart reflects the Issuer's corporate structure.



Source: Issuer

As at the date of this Prospectus, the Issuer has no subsidiaries.

### Bonds, Sukuk and Securities Issuance:

Section 9 of the Issuer's by-laws states that it can issue all types of bonds or *sukuk* within or outside The Kingdom, in accordance with Applicable Laws and regulations.

Pursuant to the approval by His Excellency the Minister of Commerce and Industry dated 13 Sha'aban 1433H (corresponding to 3 July 2012G), the Issuer has been exempted from Clause (4) of Article (117) of the Saudi Arabian Companies Law, allowing the Issuer to issue any bonds, sukuk or any other securities of a value higher than the Issuer's paid capital value. The Issuer considers Clause (4) of Article (117) of the Saudi Arabian Companies Law to have been validly waived by the Minister of Commerce and Industry and not to prohibit this issuance.

As at the date of this Prospectus, the Issuer has no debt instruments or term loans outstanding and (save for the Certificates) has no debt instruments or term loans authorized or otherwise created but unissued or undrawn, as the case may be.

### Directors and Management of the Issuer:

The Issuer is managed by a board of directors composed of four members who are appointed at an ordinary general assembly for a period that does not exceed three Gregorian years. Each of the directors is a juristic person who is, in turn, represented by a natural person on the board of directors of the Issuer.

As an exception to the above, for a term of five Gregorian years from the date of the ministerial decision announcing the incorporation of the Issuer, the first board of directors of the Issuer is as follows:

Name	Position	Date of Appointment
Sadara Sukuk Ithnayn B.V. (represented by Mr. Adel Yassin Al-Hawaj)	Member and Chairman	24 December 2012
Sadara Sukuk Wahid B.V. (represented by Mr. Eduardo Humberto Velandia Velandia)	Member and Deputy Chairman	24 December 2012
Sadara Sukuk Thalatha B.V. (represented by Mr. Wael Badr Biltagi)	Member	24 December 2012

Name	Position	Date of Appointment
Sadara Sukuk Arba'a B.V. (represented by Mr. Niels Bert Frans Mesotten)	Member and Executive Director	24 December 2012

*Details of previous or current board positions*

Name	Company Name	Membership Date	Company Sector
Mr. Wael Badr Biltagi	Saudi Aramco Lubricating Oil Refining Company (Luberef)	2011 to 2013	Manufacturing and Marketing of Base Oils

Other than the director representative for Sadara Sukuk Thalatha B.V. (Mr. Biltagi), the director representatives of the Issuer do not have any previous or other current board positions. The board secretary of the Issuer is Mr. Richard B. Owen, a national of the United States of America, who does not have any previous or other current board positions. Mr. Owen was appointed as board secretary of the Issuer on 24 December 2012. He has been employed by Saudi Aramco since 2001 as a generalist lawyer for the Saudi Aramco Law Department, and has worked on behalf of Sadara since January 2012 as Senior Counsel and Chief Compliance Officer. His previous experience includes the general practice of law in the State of Florida, United States of America since 1975. Mr. Owen graduated from the University of Florida in the United States of America with a Juris Doctor degree and has been admitted to the State Bar in Florida and to federal appellate courts in Florida and Alabama, each in the United States of America.

The general manager of the Issuer is Mr. Abbas Ali Al-Helal, a Saudi national, who does not have any previous or other current board position.

The following biographies provide certain information about the director representatives who represent the members of the Issuer's board of directors and the general manager of the Issuer. All of the directors of the Issuer are non-independent. All of the directors are non-executive directors apart from Sadara Sukuk Arba'a B.V. (represented by Mr. Mesotten), who is an executive director.

Mr. Adel Yassin Al-Hawaj is, at the date of this Prospectus, the director representative for Sadara Sukuk Ithnayn B.V. acting in its capacity as member of the board of directors and chairman of the Issuer. He has been employed by Saudi Aramco since 1996 and has held various accounting and project finance positions in the company. As at the date of this Prospectus, he is the Sadara Controller. Mr. Al-Hawaj holds a Bachelor of Science degree in Industrial Management and Accounting from the King Fahd University of Petroleum and Minerals, Dhahran, The Kingdom. Mr. Al-Hawaj was born on 18 March 1963 and is a Saudi Arabian national.

Mr. Eduardo Humberto Velandia Velandia is, at the date of this Prospectus, the director representative for Sadara Sukuk Wahid B.V. acting in its capacity as member of the board of directors and deputy chairman of the Issuer. He has been employed by Dow since 1982 in various accounting roles. Mr. Velandia graduated from Universidad Externado de Colombia with a Bachelor of Science degree in Accounting and holds a Finance degree from the Universidad de Los Andes, Bogota, Colombia. Mr. Velandia was born on 8 November 1960 and is a Colombian citizen.

Mr. Wael Badr Biltagi is, at the date of this Prospectus, the director representative for Sadara Sukuk Thalatha B.V. acting in its capacity as director of the Issuer. Mr. Biltagi has more than 20 years of experience with Saudi Aramco, where he held several project finance and corporate finance related positions, including the position of Administrator of Corporate Finance in Saudi Aramco Treasury. As at the date of this Prospectus, he is the Sadara Treasurer. Mr. Biltagi holds a Bachelor of Science degree in Computer Science from the University of Portland and a Master of Business Administration degree from Rice University, each in the United States of America. He has served as a member of the board of directors of Saudi Aramco Lubricating Oil Refining Company (Luberef), an oil refining company, since 2011. Mr. Biltagi was born on 19 April 1969 and is a Saudi Arabian national.

Mr. Niels Bert Frans Mesotten is, at the date of this Prospectus, the director representative for Sadara Sukuk Arba'a B.V. acting in its capacity as member of the board of directors and executive director of the Issuer. He has been employed by Dow since 2000 in various corporate finance roles and, as at the date of this Prospectus, is the Sadara Assistant Treasurer. Mr. Mesotten graduated with a master's degree in engineering from Catholic University Leuven and holds a Master of Business Administration degree from Vlerick Leuven

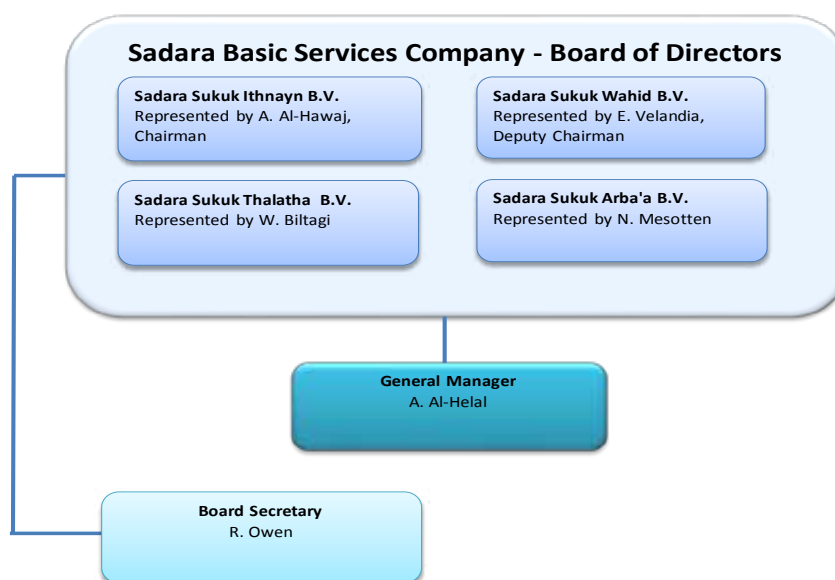


Gent Management School, each in Belgium. Mr. Mesotten was born on 29 May 1976 and is a Belgian citizen.

Mr. Abbas Ali Al-Helal, a Saudi national, is, at the date of this Prospectus, the general manager of the Issuer. He was appointed as general manager of the Issuer on 24 December 2012. He has been employed by Sadara since 2012 as a tax specialist. He received a Bachelor of Science degree in Accounting from King Fahd University of Petroleum and Minerals, Dhahran, The Kingdom.

The powers of the board of directors and the chairman are listed in the section of this Prospectus entitled “General Information”.

An organizational chart showing other key management positions of the Issuer is shown below:



Source: Sadara

As at the date of this Prospectus, none of the directors, director representatives or the company secretary of the Issuer has been declared bankrupt.

None of the directors, director representatives, senior executives or the company secretary of the Issuer were employed in a managerial or supervisory capacity by a company declared insolvent in the in preceding five years.

None of the director representatives, senior executives or the company secretary of the Issuer (including their relatives and Affiliates) has a direct or indirect interest in the shares or debt instruments of the Issuer. In the case of the first four shareholders of the five shareholders in the Issuer (i.e., Sadara Sukuk Ithnayn B.V., Sadara Sukuk Wahid B.V., Sadara Sukuk Thalatha B.V. and Sadara Sukuk Arba'a B.V.), they act also in the capacity of directors of the Issuer. Specifically in their capacity as directors of the Issuer, 1,000 of the Issuer Shares are allocated for the purpose of providing the guarantee shares required to be provided by directors of joint stock companies as a matter of law and in accordance with the by-laws of the Issuer. A total of 4,000 of the Issuer Shares are allocated for the purpose of providing such guarantee shares.

The Issuer has no prior operating history or prior business and accordingly, none of the directors, director representatives or senior executives of the Issuer have received payments in the three financial years prior to listing.

As at the date of this Prospectus, there has been no interruption in the business of the Issuer which may have or has had a significant effect on the Issuer's financial position since 24 December 2012 (being the date of incorporation of the Issuer).

There are no existing or proposed service contracts between the directors, director representatives or senior executives listed above (or any relative of any of them) and the Issuer.

There are no contracts or arrangements in effect or contemplated in which a director, director representative or senior executive listed above (or any relative of any of them) is interested in relation to the business of the Issuer.

The Issuer does not have any directors' committees.

The Issuer does not have any holdings, including holdings in contractually based securities or other assets whose value may be subject to fluctuations or be difficult to ascertain with certainty, significantly affecting the assessment of the Issuer's financial position.

There have been no alterations in the capital of the Issuer since its incorporation on 11 Safar 1434 H (corresponding to 24 December 2012 G).

At the date of this Prospectus the Issuer has no depreciation policy. The Issuer currently does not hold any material fixed assets and is not expected to hold any material fixed assets in the future.

*Summary of the Functions of the Senior Executives of the Issuer:*

As the executive director of the Issuer, Mr. Mesotten manages the Issuer's day-to-day activities, executes all instructions of the Issuer board of directors and submits reports to the Issuer board of directors.

As the board secretary of the Issuer, Mr. Owen is responsible for recording the minutes of the meetings of the Issuer board of directors and the resolutions adopted during such meetings, and the safekeeping thereof, in addition to the other functions delegated to him by the Issuer board of directors.

As the general manager, Mr. Al-Helal is responsible for such duties as determined by the executive director of the Issuer and as may from time to time be delegated to him by the executive director of the Issuer.

*Employees of the Issuer:*

The Issuer has no employees as at the date of this Prospectus, and expects to have one employee in the future.

*Disputes and Legal Proceedings:*

The Issuer is not aware of any litigation or claim (including any litigation pending or threatened) which may have a material effect on the Issuer's business or financial position as at the date of this Prospectus.

## Description of Sadara

On 12 May 2007G (corresponding to 25 Rabi al-Thani 1428H), the Founding Shareholders signed a memorandum of understanding (amended and restated as of 30 September 2010G) to develop the Project in The Kingdom. The Project entails the development of an integrated performance chemicals and plastics complex, at a currently estimated cost of USD19.3 billion (including financing costs) to be located in Jubail Industrial City II on the east coast of The Kingdom.

On 8 October 2011G (corresponding to 10/11/1432H), the Founding Shareholders signed a Shareholders' Agreement, pursuant to which they agreed, *inter alia*, to establish a limited liability company (named Sadara Chemical Company) under the laws of The Kingdom to implement the Project. The Saudi Aramco Shareholder and the Dow Shareholder agreed to subscribe for equity interests in such company of 65% and 35%, respectively, with the Saudi Aramco Shareholder being required to sell, subject to market conditions and regulatory approval, a 30% interest in such company to a holding company to be incorporated (**PublicCo**), for the purpose of allowing the public in The Kingdom to participate in the Project through the IPO of shares in PublicCo.

Sadara was established as a limited liability company existing under the laws of The Kingdom, registered in the commercial register of the City of Jubail under number 2055014427 dated 03/12/1432H (corresponding to 30 October 2011G), in accordance with the Saudi Arabian Companies Law and with the Foreign Investment Law, SAGIA industrial investment license No.1210321011644, and the terms and conditions of the articles of association of Sadara as notarized before a notary public at SAGIA in the City of Riyadh on page 17, number 594, volume 24 and dated 21/11/1432H (corresponding to 19 October 2011G), and the amendment to the articles of association of Sadara as notarized before a notary public at SAGIA in the Eastern Province on page 93, number 92, volume 22 and dated 6/2/1434H (corresponding to 19 December 2012G). Sadara's legal address is P.O. Box: 11811, Jubail Industrial City 31961, The Kingdom. Sadara also has a branch office in Dhahran registered with SAGIA and in the commercial register of Jubail under number 2052002061 dated 30/11/1433H (corresponding to 16 October 2012 G). The branch is located at Alturki Business Park, Dhahran, The Kingdom. Its legal address is P.O. Box 11811, Jubail Industrial City 31961, The Kingdom.

The Founding Shareholders will (subject to the circumstances described in the section of this Prospectus entitled "*Summary of the Principal Finance Documents – Global Common Terms Agreement – Share-Transfer Restrictions*"), at all times while the Certificates are outstanding, remain significant shareholders of Sadara, retaining at least 51% of the shareholding in Sadara in aggregate between them, and a minimum individual shareholding of 20% each.

As at the date of this Prospectus, Sadara is fully operational and is managing its day-to-day business. However, as the Project is a 'greenfield' project currently under-construction, Sadara has no operating history. Sadara will not receive any material revenues until it begins to produce Products and sell them to its customers. See further the section of this Prospectus entitled "*Risk Factors – Risks Related to Sadara's (and the Issuer's) Business and the Project*".

As at the date of this Prospectus, Sadara has an authorized share capital of SAR9,699,642,000 represented by 969,964,200 ordinary shares, with a nominal value of SAR10 each. Sadara has no other classes of shares outstanding. No part of Sadara's share capital is currently under option.

As at the date of this Prospectus, other than the financing arrangements which have already been entered into (as described in this Prospectus) Sadara has no debt instruments outstanding and has no debt instruments created but unissued.

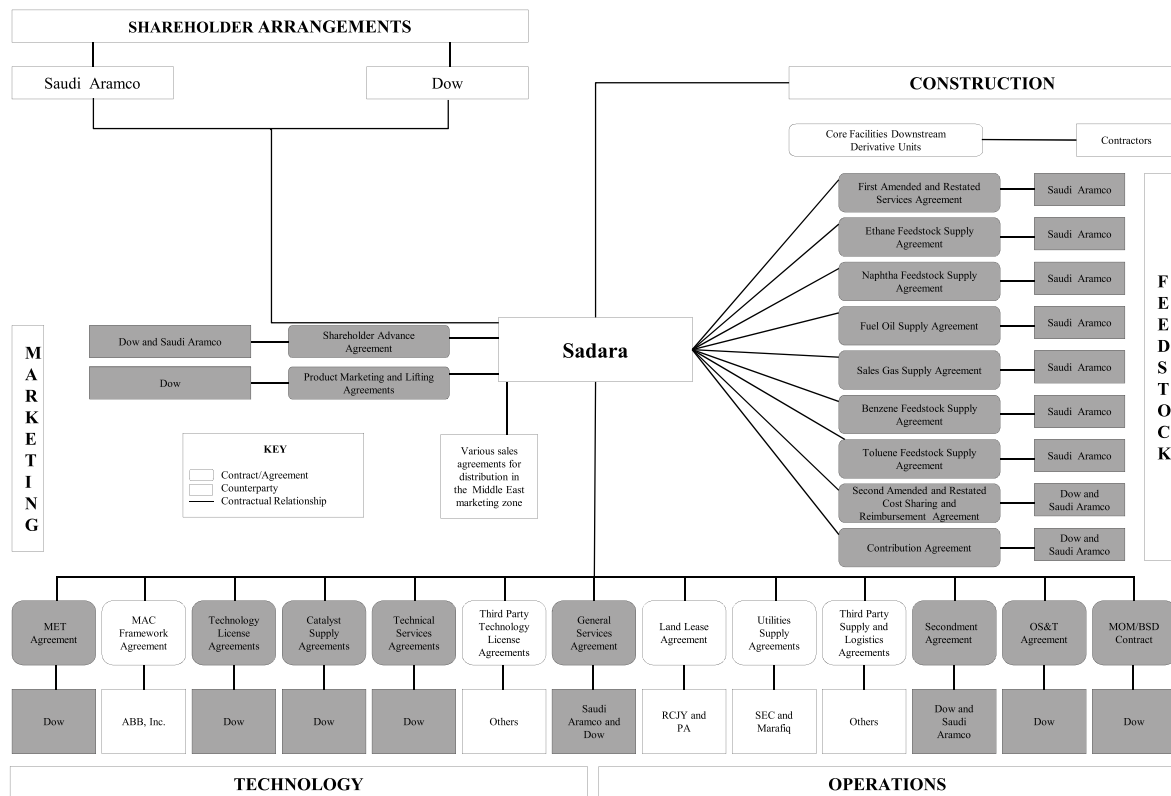
As at the date of this Prospectus, there has been no interruption in the business of Sadara which may have or has had a significant effect on Sadara's financial position in the last 12 months.

### *Sadara's Corporate Structure:*

Sadara is managed by a board of directors and a general assembly. Prior to the IPO of shares in PublicCo (if it occurs), the board of directors will consist of eight members who have been appointed by the Founding Shareholders. Each of the Founding Shareholders has the right to nominate four directors before the Founding Shareholders vote on the appointment of those directors so nominated. The appointment of each director is subject to the satisfaction of eligibility criteria as agreed upon by the Founding Shareholders. The chairman

of the board of directors is a nominee of the Saudi Aramco Shareholder and the deputy chairman is a nominee of the Dow Shareholder. Following the IPO of shares in PublicCo (if it occurs), each Founding Shareholder will be entitled to appoint three board members each, while PublicCo will be entitled to appoint two board members.

The following organizational chart reflects Sadara's key contractual relationships (excluding non-operating and special purpose subsidiaries) as at the date of this Prospectus.



**NOTE:** The Dow Product Marketing and Lifting Agreements, Technical Services Agreements, Technology License Agreements and Catalyst Supply Agreements benefit from Dow guarantees. Please see the relevant summaries in the section of this Prospectus entitled *Summary of Principal Project Documents* for further detail.

Source: Sadara

References in this chart to “Dow” mean Dow or its Affiliates, as applicable. See “*Summary of the Principal Project Documents*” for the Dow entity who is party to each such agreement.

The business of Sadara is conducted through four major business lines, as follows:

- Manufacturing & Engineering, which manages four operations departments: Maintenance, Process Engineering, Reliability, EH&S and Start up & Commissioning;
- Finance, which manages Controlling, Treasury and Economic Evaluation & Business Finance;
- Business & Services, which manages Supply Chain, Marketing & Sales, Procurement, Information Technology and Strategic Interface & Integration;
- Industrial Relations, which manages Human Resources Services, Community, Office Services & Logistics, HR Policies & Organization Development, Staffing, Industrial Security & Fire Protection, Training & Development, Public & Government Affairs, and Seconded's Co-ordination; and
- Other areas which include, the General Counsel, Auditing, Corporate Planning, Corporate EH&S, and Value Park.

In addition, a project management team has been set up and will remain in place until the construction and commissioning of the Sadara Complex is complete. The project management team will manage the engineering, procurement, construction and commissioning activities related to the Project.

As at the date of this Prospectus, Sadara does not have a policy on research and development of new products and production processes.

#### *Management:*

The following summary sets out the terms of reference under which each Sadara management committee operates as at the date of this Prospectus.

### **THE PROJECT EXECUTION COMMITTEE**

The Project Execution Committee is responsible for overseeing the activities of Sadara with respect to the design, engineering, and construction of the Sadara Complex. The Project Execution Committee shall consist of four members, with each Founding Shareholder having the right to appoint two representatives as members of the Project Execution Committee. The quorum for any meeting of the Project Execution Committee shall be met when all members are present in person or by proxy appointed and duly notified. Decisions of the Project Execution Committee shall be taken by the unanimous affirmative vote of all of the members thereof. The Project Execution Committee shall be dissolved, and any remaining responsibilities of the Project Execution Committee shall be assumed by Sadara's management team, upon the Project Completion Date.

### **THE AUDIT COMMITTEE**

The Audit Committee is responsible for reviewing and ensuring the adequacy and effectiveness of Sadara's accounting policy and system of internal controls, approving and directing internal audit plans, supervising the preparation of the financial statements, recommending external auditors for appointment as the independent auditor and ensuring that the required access to Sadara's books, records, and personnel is provided to the independent auditor as well as any auditors appointed by individual Shareholders, whether jointly or separately, to conduct audits on their behalf. Prior to the admission of the PublicCo Shareholder as a Shareholder, the Audit Committee will consist of four directors, with each Founding Shareholder having the right to appoint two of its nominated directors as members of the Audit Committee.

Following the admission of the PublicCo Shareholder as a Shareholder, the Audit Committee will consist of three directors, with each Founding Shareholder and the PublicCo Shareholder having the right to appoint one of its nominated directors as a member of the Audit Committee. No appointees to the Audit Committee may be members of Sadara's management team.

### **THE FINANCE COMMITTEE**

The Finance Committee is responsible for coordinating all elements of the Project debt and proposing the timing and size of all dividend distributions in accordance with Sadara's dividend policy. The Finance Committee shall consist of four members, with each Founding Shareholder having the right to appoint two of its nominated directors as members of the Finance Committee.

### **THE COMPENSATION COMMITTEE**

The Compensation Committee is responsible for developing the general employment, compensation, and benefit policies applicable to the employees of Sadara. The employment and compensation policy for Sadara shall be fully developed and applied in a manner that aims to be consistent with Saudi Arabian law and shall be independent from, and without reference to, those of the Founding Shareholders. The Compensation Committee shall consist of four directors, with each Founding Shareholder having the right to appoint two of its nominated directors as members of the Compensation Committee.

### **THE HEALTH, SAFETY, ENVIRONMENTAL, AND SECURITY COMMITTEE**

The Health, Safety, Environmental, and Security Committee is responsible for monitoring compliance with the health, safety, environmental and security policies. The Health, Safety, Environmental, and Security Committee shall consist of four directors, with each Founding Shareholder having the right to appoint two of its nominated directors as members of the Health, Safety, Environmental, and Security Committee.

### **THE ETHICS AND COMPLIANCE COMMITTEE**

The Ethics and Compliance Committee shall perform such duties and have such responsibilities as are

delegated to it from time to time by Sadara's board of directors. Prior to the admission of the PublicCo Shareholder as a Shareholder, the Ethics and Compliance Committee will consist of four members, with each Founding Shareholder having the right to appoint two of its nominated directors as members of the Ethics and Compliance Committee. Following the admission of the PublicCo Shareholder as a Shareholder, the Ethics and Compliance Committee will consist of three members, with each Founding Shareholder and the PublicCo Shareholder having the right to appoint one of its nominated directors as a member of the Ethics and Compliance Committee.

### *Board of Directors*

The following table sets forth information with respect to Sadara's board members as at the date of this Prospectus:

Name	Position	Capacity	Nationality	Date of Appointment
Abdulrahman F. Al Wuhaib	Chairman	Saudi Aramco Shareholder	Saudi	23 May 2012
Ahmad O. Al-Khowaiter	Director	Saudi Aramco Shareholder	Saudi	30 October 2011
Abdulaziz M. Judaimi	Director	Saudi Aramco Shareholder	Saudi	30 October 2011
Tofiq H. AlGasbani	Director	Saudi Aramco Shareholder	Saudi	30 October 2011
James D. McIlvenny	Deputy Chairman	Dow Shareholder	UK	30 October 2011
Carol A. Williams	Director	Dow Shareholder	US	1 January 2013
Howard Ungerleider	Director	Dow Shareholder	US	30 October 2011
William H. Weideman	Director	Dow Shareholder	US	30 October 2011
Source : Sadara				

Michael L. Omer was appointed as Sadara's board secretary on 30 October 2011.

### *Details of previous or current board positions*

Name	Company Name	Membership Date	Company Sector
Abdulrahman F. Al Wuhaib	Aramco Gulf Operations Company (AGOC)	2009 to 2012	Oil Production
	Aramco Far East (Beijing) Business Services Co.	2012 to present	Oil Services
	Vela International Marine Limited	2012 to present	Oil/hydrocarbon Transportation
	Motiva Enterprises LLC	2013 to present	Oil Services
	Saudi Aramco Shell Refinery Company (SASREF)	2009 to 2012	Oil Refining
	Petro-Rabigh	2005 to 2007	Chemicals
	Saudi Aramco Mobil Refinery (SAMREF)	2004 to 2008	Oil Refining
	Saudi Electrical Company (SEC)	2002 to 2005	Power Systems



Name	Company Name	Membership Date	Company Sector
Ahmad O. Al-Khowaiter	S-Oil, South Korea	1999 to 2003	Refinery for Chemicals
	Showa Shell	2011 to present	Oil Refining/Distribution/ Retail and Solar Sector
	WA'ED, the Saudi Aramco Entrepreneurship Center	2011 to 2012	Commercial Entrepreneurial
	Arabian Gulf Oil Co	2011 to present	Oil Production
	Arabian Gulf Operations Company (AGOC)	2011 to present	Oil Production
	Petron Corporation	2005 to 2007	Oil Refining/Distribution/ Retail
Abdulaziz M. Judaimi	Gulf Petrochemicals & Chemicals Association	2012 to present	Petrochemicals/Chemicals
	Saudi Aramco Energy Ventures Company	2012 to present	Venture Capital
	FREP (Fujian Refining & Petrochemical)	2010 to present	Oil/Gas
	SSPC (Sinopec SenMei (Fujian) Petroleum Co Ltd	2010 to present	Oil/Gas
	YASREF (Yanbu Aramco Sinopec Refining Co)	2009 to 2011	Oil/Gas
Tofiq H. AlGabsani	Aramco Services Company	2011 to present	Services in the United States of America
	American Petroleum Institute (API)	2009 to present	Oil/Gas
	Motiva Enterprises, LLC	2009 to present	Oil/Gas Downstream
	Saudi Refining, Inc.	2009 to present	Oil/Gas Downstream
James D. McIlvenny	N/A	N/A	N/A
Carol A. Williams	Carnegie Mellon University	2012 to present	Education
	Zep, Inc.	2012 to present	Professional Cleaning Solutions
	Dow Mitsui Chlor-Alkali LLC	2011 to present	Chemicals
Howard Ungerleider	Dow Agrosiences LLC	2012 to present	Agriculture
	Michigan Crossroads Council, Boy Scouts of America	2012 to present	Support to Michigan Boy Scout Programs and Organizations
	Wolverine Bancorp	2011 to present	Financial Sector
	Michigan Baseball Foundation, Inc.	2009 to present	Supports Regional Youth Organizations
	Keep America Beautiful	2006 to present	Non-Profit Organization

Name	Company Name	Membership Date	Company Sector
William H. Weideman	Central Michigan University Board of Trustees	2013 to present	Education
	Central Michigan University Development Board	2009 to present	Education
	Dow Agrosciences LLC	2010 to present	Agriculture
	Dow Corning Corporation	2010 to present	Manufacturing/Silicones
	Michigan Baseball Foundation, Inc.	2008 to present	Supports regional youth organizations
	MidMichigan Health	2008 to present	Healthcare
	MidMichigan Medical Center-Midland	2004 to present	Healthcare
	Dow Chemical Employees' Credit Union	2000 to present	Financial Sector
Michael L. Omer	Aramco Air Transport Company	2004	Oil/Gas
	Aramco Aircraft Company, Inc.	2003 to 2011	Oil/Gas
	Aramco Capital Company, LLC	2001 to 2007	Oil/Gas
	Aramco Financial Services Co.	1995 to 2011	Oil/Gas
	Clean Caribbean Corp	1995 to 1996	Oil/Gas
	Aramco Training Services Co.	1992 to 2011	Oil/Gas
	Aramco Associated Company	1991 to 2011	Oil/Gas
	Aramco Services Company	1991 to 2011	Oil/Gas
	Saudi Petroleum International, Inc.	1991 to 2011	Oil/Gas
	Saudi Refining, Inc.	1991 to 2011	Oil/Gas
	Clean Carribean Corporation (CCC)	1990 to 1994; 2000 to 2009	Oil/Gas
	Western Atlas International, Inc.	1987 to 1988	Oil/Gas

Source: Sadara

Sadara's directors do not have any financial, pecuniary or equity interest in Sadara, All of Sadara's directors are non-executive directors and are employed by either the Dow Shareholder or the Saudi Aramco Shareholder.

The following biographies provide certain information about Sadara's directors:

ABDULRAHMAN F. AL WUHAIB is, as at the date of this Prospectus, the Senior Vice-President of Downstream of Saudi Aramco, is on the boards of Aramco Far East (Beijing) Business Services Co. Ltd

and Vela International Marine Limited, is a Board member of Motiva Enterprises LLC, is a shareholder representative in Saudi Aramco Asia Company Limited and Saudi Aramco Guaranty LLC, and is a member of Society of Organizational Learning. He has been employed by Saudi Aramco for more than 36 years, and has held several engineering and operational executive positions. Mr. Al Wuhaib graduated from the King Fahd University of Petroleum and Minerals, Dhahran, The Kingdom with a degree in chemical engineering and holds a Master of Business Administration degree from the University of California, Riverside, United States of America. Mr. Al Wuhaib was born on 6 March 1954 and is a Saudi Arabian national.

AHMAD O. AL-KHOWAITER is, as at the date of this Prospectus, Chief Engineer at Saudi Aramco. Prior to such appointment he has held the positions of Director of New Business Origination and Evaluation Department. He is also on the board of directors of Showa Shell Sekiyu K.K., a leading Japanese energy company involved in oil refining, distribution, solar energy and power, as well as the boards of the Arabian Gulf Oil Co and Aramco Gulf Operations Company (AGOC). Mr. Al-Khowaiter has a degree in Chemical Engineering from the King Fahd University of Petroleum and Minerals, Dhahran, The Kingdom. Mr. Al-Khowaiter was born on 1 September 1966 and is a Saudi Arabian national.

ABDULAZIZ M. JUDAIMI is, as at the date of this Prospectus, the vice-president of Saudi Aramco's Chemicals Department and is on the boards of Saudi Aramco Energy Ventures LLC, Sinopec Senmei Petrochemical Company and Fujian Refining and Petrochemical Company, and is a shareholder representative in Saudi Aramco Total Refining and Petrochemical Company and Rabigh Refining & Petrochemical Company. Prior to this, he served as the vice-president of New Business Development. Mr. Judaimi holds a degree in Petroleum Engineering from the King Fahd University of Petroleum and Minerals, Dhahran, The Kingdom. He also has an MBA from MIT Sloan School of Management, United States of America. Mr. Judaimi was born on 28 November 1962 and is a Saudi Arabian national.

TOFIQ H. ALGABSANI is, as at the date of this Prospectus, the General Manager of Southern Area Project Management. Prior to his current Job, he held the position of President of Saudi Refining Inc. and prior to that Mr. Gabsani held several positions including Manager manifa program and Director of Saudi Aramco Asia Joint Venture coordination Department as well as President of project Management Institute's Arabian Gulf Chapter. He is currently on the board of directors of Aramco Services company. Mr. Gabsani holds a Mechanical Engineering degree from the King Fahd University of Petroleum and Minerals, Dhahran, KSA (1981). Mr. Gabsani was born on 22 January 1958 and is a Saudi Arabian national.

JAMES D. McILVENNY is, as at the date of this Prospectus, Senior Vice-President of Dow and Chairman of Dow Sadara Project Office. He has been employed by Dow since 1982. During the last five years he has held the following positions in Dow: President Dow Asia Pacific and Greater China (February 2006 to September 2009); Senior Vice-President Specialty Performance Products (September 2009 to July 2010); Senior Vice-President Mega Projects (August 2010 to August 2011); and he was named to his current position in September 2011. He has received a bachelor's degree in chemical engineering from the University of Sydney, Australia. Mr. McIlvenny was born on 31 March 1958 and is a UK citizen.

CAROL A. WILLIAMS is, as at the date of this Prospectus, Executive Vice President, Operations, of Dow. She has been employed by Dow since 1980. During the last five years she has held the following positions in Dow: President, Chemicals and Energy (September 2010 to September 2011); Senior Vice President, Basic Chemicals (September 2009 to September 2010); and Corporate Vice President, Market Facing, Business Development and Licensing (September 2007 to September 2009); and she was named to her current position in September 2011. Ms. Williams received a bachelor's degree in chemical engineering from Carnegie Mellon University and completed Executive Education from Indiana University Graduate School of Business, each in the United States of America. Ms. Williams was born on 2 April 1958 and is a US Citizen.

HOWARD UNGERLEIDER is, as at the date of this Prospectus, executive vice-president of Dow, serving on Dow's five member executive committee with oversight of the Advanced Materials businesses. The portfolio spans Dow's reporting segments of Coatings and Infrastructure Solutions, and Electronic and Functional Materials. He has been employed by Dow since 1990. During the last five years he has held the following positions in Dow: North American commercial vice-president for Basic Plastics (2006 to 2008), vice-president of Dow Investor Relations (2008 to 2011) and president of Performance Plastics Division (2011 to 2012). Mr. Ungerleider earned a bachelor's degree from the University of Texas in Austin and a master's degree in business administration from University of California in Los Angeles. He serves on the Member's Committee of Dow AgroSciences, and also on the Board of Directors of Wolverine Bancorp (NASDAQ: WBKC), the Board of Directors of Keep America Beautiful (Non-profit Organization), the Board of Directors of Michigan

Baseball Foundation, Inc. and the Board of Directors of Michigan Crossroads Council. Mr. Ungerleider was born on 30 August 1968 and is a US citizen.

WILLIAM H. WEIDEMAN is, as at the date of this Prospectus, the Dow Executive Vice-President and Chief Financial Officer. He has been employed by Dow since 1976. During the last five years he has held the following positions in Dow: vice-president and Corporate Controller (May 2006 to November 2009); Interim Chief Financial Officer (November 2009 to March 2010); and he was named to his current position in March 2010. Mr. Weideman received a bachelor's degree in accounting from the Central Michigan University, United States of America. Mr. Weideman was born on 28 June 1954 and is a US citizen.

### *Executive Officers*

The day-to-day business of Sadara is managed by a management team appointed by the board of directors and is, as at the date of this Prospectus, composed as follows:

Name	Position	Nominated by	Date of Appointment
Ziad Al Labban (Saudi national)	Chief Executive Officer	Saudi Aramco Shareholder	1 October 2012
Luciano Poli (Swiss national)	Chief Financial Officer	Dow Shareholder	30 October 2011
Walid H. Zabeery (Saudi national)	Vice-President Business and Services	Saudi Aramco Shareholder	1 August 2012
R. Lee Trusty (American)	Vice President Manufacturing and Engineering	Dow Shareholder	30 October 2011
Mohammed Towila Al-Sellemi (Saudi national)	Vice President Industrial Relations	Saudi Aramco Shareholder	30 October 2011
Michael L. Omer (American)	General Counsel	Saudi Aramco Shareholder	30 October 2011

*Source: Sadara*

The following biographies provide certain information about the members of Sadara's management team:

ZIAD AL-LABBAN is, as at the date of this Prospectus, the CEO of Sadara. He has 30 years of experience with Saudi Aramco in the oil, gas and petrochemical businesses in both the upstream and downstream sectors. Prior to Sadara, Mr. Al-Labban served as President & CEO of Petro Rabigh (2009-2012). Petro Rabigh is a publicly traded company listed on the Saudi Stock Exchange with 37.5% of its shares held by Saudi Aramco, 37.5% by Sumitomo Chemical Company and 25% by the Saudi public. Prior to assuming his position in Petro Rabigh, Mr. Al-Labban was the President & CEO of Saudi Refining, Incorporated (SRI) in Houston, Texas (2007-2009). During that time, he was responsible for managing SRI's interest in Motiva Enterprises, a major US refiner with three refineries supported by a marketing network which includes approximately 8,000 Shell branded gasoline retail outlets in the southern and eastern United States of America. The Port Arthur Refinery in Texas is the flagship refinery of Motiva and is a 600,000 barrel per day refinery, making it the largest oil refinery in the United States of America. Expansion of the Port Arthur Refinery was completed and the facility came onstream in March 2012. Mr. Al-Labban's work career with Saudi Aramco has taken him through a broad range of responsibilities in both the upstream and downstream oil and gas businesses. This includes working with Exxon Production and Research Company in Houston, Texas for one year and with Petron Corporation in the Philippines as the Vice-President of Corporate Planning for three years. During his tenure in the Philippines, Mr. Al-Labban was also a director on Petron's Board and Chairman of Ovincor, an insurance subsidiary of Petron located in Bermuda. Mr. Al-Labban holds a Bachelor of Science degree in Electrical Engineering from King Fahad University of Petroleum and Minerals in Saudi Arabia and a Master's of Science degree in Petroleum Engineering from Stanford University in the United States of America.

LUCIANO POLI is, as at the date of this Prospectus, the Chief Financial Officer of Sadara. His previous experience includes serving as Finance Director for Dow Europe GmbH and MEAF in September 2010, and as

Regional Finance Director for Asia/Pacific. Mr. Poli received his Master's degree in Business Administration from City University, Zurich, Switzerland.

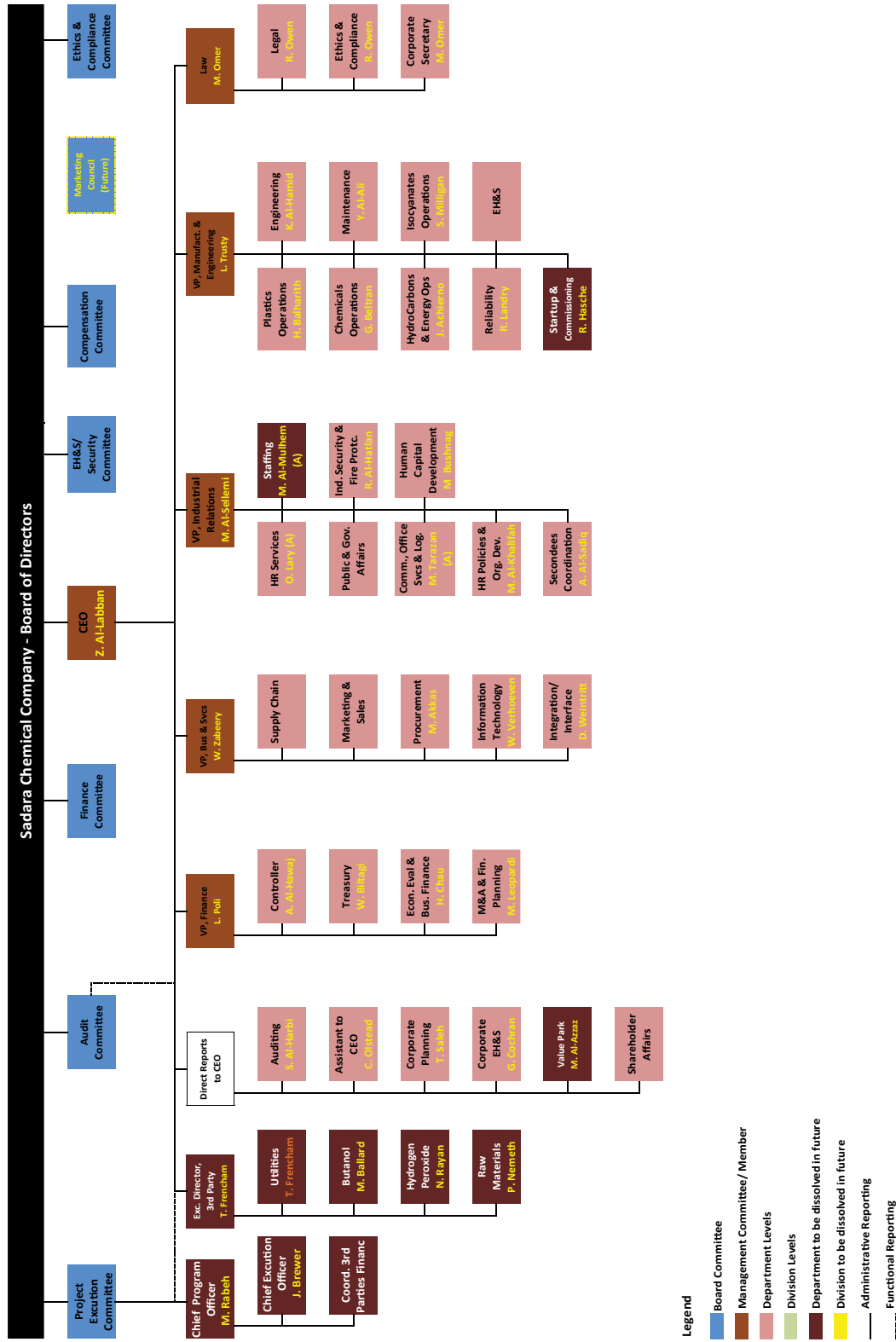
WALID H. ZABEERY is, as at the date of this Prospectus, the vice-president of Business and Services at Sadara. Prior to the appointment, he was Senior Information Systems Consultant at Saudi Aramco. During his employment with Saudi Aramco Mr. Zabeery held several managerial positions, including Manager of the Support Services Applications Department, where he supervised over 175 professionals. Mr. Zabeery has over 25 years of experience and, prior to his role as Senior Information Systems Consultant at Saudi Aramco, he held such positions as Information Systems Consultant where he managed a USD90 million initiative to automate and integrate medical systems, and Information Systems Specialist where he was a member of a Y2K Task Force that assessed the systems of the Ministry of the Interior in preparation for Y2K. Mr. Zabeery holds a Computer Science degree from Western Michigan University, United States of America.

R. LEE TRUSTY is, as at the date of this Prospectus, the vice-president for Manufacturing & Engineering of Sadara. Mr. Trusty has worked for Dow since 1980. Mr. Trusty graduated with a degree in chemical engineering from the Trinity University in San Antonio, Texas, United States of America.

MOHAMMED TOWILA AL-SELLEMI is, as at the date of this Prospectus, the vice-president for Industrial Relations of Sadara. Mr. Al-Sellemi has been employed by Saudi Aramco for more than twenty-two (22) years, holding various positions in the company. Mr. Al-Sellemi graduated with a Master's degree in Organizational Behavior from the California State University, United States of America.

MICHAEL L. OMER is, as at the date of this Prospectus, the General Counsel of Sadara. His previous experience includes serving as a member of the ASC Law Department, and since then has held officer positions with all of the US-based Aramco Affiliates as either the Corporate Board Secretary or Assistant Corporate Board Secretary, serving in such capacities for over twenty (20) years out of the Houston, Texas offices. Mr. Omer graduated from the University of Houston's Bates College of Law, United States of America in 1979 and has been admitted to the State and Federal Bars in Texas and Hawaii.

An organizational chart showing other key management positions of Sadara is shown below:



Source: Sadara



None of the directors, senior executives or the company secretary of Sadara (including their relatives) has a direct or indirect interest in the shares or debt instruments of Sadara or the Issuer.

Other than service contracts between Sadara and its Chief Executive Officer and its Chief Financial Officer, there are no existing or proposed service contracts between the directors or senior executives listed above (or any relative of any of them) and Sadara. No remuneration or benefits are granted by Sadara to the directors of Sadara by virtue of their acting as directors of Sadara.

As at the date of this Prospectus, none of the directors, executive management, or the company secretary of Sadara has been declared bankrupt.

#### *Summary of the Functions of the Senior Executives of Sadara:*

As the Chief Executive Officer, Mr. Al Labban is the primary executive officer of Sadara and represents Sadara before governmental authorities, judicial authorities, public bodies, and other persons. Subject to the terms of the Shareholders' Agreement, he is responsible for the general and executive management and daily administration of the business and operations of Sadara and also implements decisions of the Sadara board of directors.

As the Chief Financial Officer, Mr. Poli is responsible for overseeing and being responsible for financial matters pertaining to Sadara. He oversees the preparation of Sadara's financial statements and Sadara's related obligations to Sadara's shareholders, and discharges such other duties as determined by the Sadara board and as may from time to time be delegated to him by the Chief Executive Officer. He presents reports on the financial condition of Sadara from time to time to the Chief Executive Officer and, upon request of any director, at a meeting of the Sadara board.

As the vice-president of Business and Services, Mr. Zabeery oversees and is responsible for marketing, sales, and supply chain matters of Sadara. He further discharges any other duties as determined by the Sadara board and as may from time to time be delegated to him by the Chief Executive Officer. He presents reports on the conduct of Sadara's operations from time to time to the Chief Executive Officer and, upon request of any director, at a meeting of the Sadara board.

As the vice-president for Manufacturing and Engineering, Mr. Trusty oversees and is responsible for operational matters of Sadara. He further discharges any other duties as determined by the Sadara board and as may from time to time be delegated to him by the Chief Executive Officer. He presents reports on the conduct of Sadara's operations from time to time to the Chief Executive Officer and, upon request of any director, at a meeting of the Sadara board.

As the vice-president for Industrial Relations, Mr. Al-Sellemi oversees and is responsible for all employment, recruiting, compensation, and human resources matters pertaining to Sadara. He further discharges any other duties as determined by the Sadara board and as may from time to time be delegated to him by the Chief Executive Officer and the Compensation Committee. He presents reports on the conduct of Sadara's human resources-related operations from time to time to the Chief Executive Officer and, upon request of any director, at a meeting of the Sadara board.

As the General Counsel, Mr. Omer oversees and is responsible for legal matters of Sadara. He further discharges any other duties as determined by the Sadara board and as may from time to time be delegated to him by the Chief Executive Officer. He presents reports on all legal matters affecting Sadara from time to time to the Chief Executive Officer and, upon request of any director, at a meeting of the Sadara board.

#### *Disputes and Legal Proceedings:*

Sadara is not aware of any litigation or claim (including any litigation pending or threatened) which may have a material effect on Sadara's business or financial position as at the date of this Prospectus.

#### *Financial Condition:*

Other than as set out in Note 19 "Subsequent Events" of Sadara's interim financial statements as of and for the period ended 30 September 2012 and ordinary course operating activity, management of Sadara does not expect there to be any materially adverse changes to the company's financial condition and results of operations as of and for the year ended 31 December 2012 compared to its financial condition and results of operations as of and for the period ended 30 September 2012.

## Description of Saudi Aramco

The history of Saudi Aramco dates back to 1933 when, shortly after The Kingdom was unified, the Government granted a concession to Standard Oil of California to explore for oil. Three other major oil companies subsequently joined as concessionaires and the venture was incorporated as the Arabian American Oil Company in 1944. In 1988 Saudi Aramco was established by Royal Decree as a commercial enterprise to be operated on a “for profit” basis as the successor to the Arabian American Oil Company. Saudi Aramco is now a fully integrated, global petroleum enterprise and a world leader in exploration, production, refining, distribution, shipping and marketing. It is wholly-owned by the Government, headquartered in Dhahran, The Kingdom and employs more than 50,000 people worldwide. Saudi Aramco manages the largest proven reserves of conventional crude oil, and manages the fourth largest gas reserves in the world.

The board of directors of Saudi Aramco is chaired by His Excellency Ali I. Al-Naimi, The Kingdom’s Minister of Petroleum and Mineral Resources. Saudi Aramco’s President and CEO is Khalid A. Al-Falih.

### *Operations Overview:*

Saudi Aramco’s activities include:

- (a) exploration and production of oil and gas;
- (b) oil and gas processing and refining and production of petrochemicals;
- (c) shipping of crude oil and refined products;
- (d) distribution and sales of refined products; and
- (e) services (storage, finance, insurance, and aviation).

Saudi Aramco’s international operations are conducted through Affiliates, joint ventures and subsidiary companies spanning the globe and include businesses located in China, Egypt, India, Japan, the Republic of Korea, the Netherlands, Singapore, the United Arab Emirates, the United Kingdom and the United States of America. A network of international subsidiaries and joint ventures delivers crude oil and refined products to customers worldwide.

Saudi Aramco is organized into four operating groups which are comprised of seven major business lines: Upstream (Exploration & Production); Downstream (Refining, Supply, Distribution & Chemicals); Engineering & Project Management; and Operations Services. Additionally, Saudi Aramco has four administrative business units: Industrial Relations; Law; Corporate Planning; and Finance. Each of the operating business lines is described in more detail below.

### *Upstream (Exploration & Production):*

Saudi Aramco is the principal producer of oil and natural gas in The Kingdom, although the Government has entered into four upstream joint ventures with various foreign oil companies with rights to produce non-associated natural gas. Saudi Aramco’s oil exploration and production operations encompass the entire country, including territorial water in the Arabian Gulf and the Red Sea. Most of the production comes from fields in the coastal plains of the Eastern Province in an area extending 300 kilometers north and south of Dhahran. Saudi Aramco has discovered approximately 112 oil and gas fields in The Kingdom, including the Ghawar field, the world’s largest onshore oil field, and Safaniya, the world’s largest offshore oil field.

### *Oil:*

Saudi Aramco produces five grades of crude oil and currently has a sustainable crude oil production capacity of 12 million BPD. In 2011, daily production averaged 9.1 million BPD and recoverable reserves were estimated at 259 billion barrels. These reserves are located in both onshore and offshore fields. In 2000, Aramco Gulf Operations Company (a subsidiary of Saudi Aramco) took over responsibility for The Kingdom’s offshore portion of the Partitioned Zone, which The Kingdom shares with Kuwait.

### *Gas:*

As of 2011, the gas reserves of The Kingdom were estimated at 282 trillion cubic feet, making it the fourth largest country in terms of the world’s known gas reserves. In 2011, gas production in The Kingdom averaged

9.9 billion cubic feet per day. Most of the gas delivered by Saudi Aramco is used as fuel by power, desalination and other industrial plants, including those of Saudi Aramco itself. Petrochemical and chemical plants use the remainder as feedstock. Saudi Aramco is the world's largest exporter of natural gas liquids (NGL). All of the ethane produced is used locally as petrochemical and chemical feedstock.

#### *Downstream (Refining, Supply, Distribution & Chemicals):*

Saudi Aramco's activities expanded greatly on 1 July 1993, when a Royal Decree merged all of The Kingdom's state owned oil refineries and distribution and marketing operations with Saudi Aramco. Under the same Decree, Saudi Aramco assumed an interest in three domestic joint venture refineries. Saudi Aramco's new refining interests, combined with its Ras Tanura refinery and its joint venture and shareholder interests in five other refineries in the United States of America and the Far East, place Saudi Aramco in the top rank of the world's refiners.

#### *Refining:*

Saudi Aramco's current refining operations consist of four local refineries, namely the Ras Tanura refinery (550,000 BPD), the Yanbu refinery (240,000 BPD), the Jiddah refinery (88,000 BPD) and the Riyadh refinery (124,000 BPD). These refineries, in addition to three local joint and equity venture refineries, namely Saudi Aramco Mobil Refinery (400,000 BPD) with ExxonMobil in Yanbu City, the Petro Rabigh refinery (400,000 BPD) with Sumitomo and the Saudi Aramco Shell Refinery (305,000 BPD) with Shell in Jubail City on the Arabian Gulf, cover local and international demand for distillates and provide a total in-Kingdom daily refining capacity of more than 2.2 million barrels (including the joint ventures).

In addition to its current in-Kingdom operations, Saudi Aramco continues to move forward on the development of two new 400,000 BPD export oriented refineries – the integrated SATORP refinery in Jubail and the full conversion YASREF facility in Yanbu. At SATORP, where construction is already underway, the production slate will maximize diesel and jet fuel output, and will also include paraxylene, benzene and polymer-grade polypropylene. The YASREF refinery at Yanbu will be able to process most grades of crude oil, including heavy crude oil, to produce an array of valuable products, such as gasoline and NGL that meet international standards and specifications.

Development is also under way on a 400,000 BPD semi conversion refinery, which can process most crude oil grades, and a marine terminal at Jazan in The Kingdom's southwest to meet local requirements for refined products and to efficiently satisfy utilities demand in the western region. In addition, it will provide a primary foundation industry for the Jazan Economic City development, which will encourage further development of the city and region.

Outside The Kingdom, Saudi Aramco also has direct and indirect equity interests in four refining and marketing enterprises, including:

- (a) a 35% ownership interest in S Oil Corporation, a publicly traded company in the Republic of Korea. S-Oil's refinery has a capacity of 652,000 bpd;
- (b) a 50% ownership interest in Motiva Enterprises LLC, a joint venture with Shell Oil Company in the United States of America which has a total refining capacity of 725,000 BPD;
- (c) a 14.96% indirect ownership in Showa Shell Sikiyu K.K., a publicly traded company in Japan. Showa Shell's refinery has a 395,000 bpd capacity; and
- (d) a 25% ownership interest in the Fujian Integrated Refining and Ethylene Joint Venture Project, a 240,000 BPD joint venture among Saudi Aramco Sino Company (25% share), ExxonMobil China Petrochemical Co. Ltd (25% share) and Fujian Petrochemical Co. Ltd (50% share).

#### *Petrochemicals, Chemicals and Plastics:*

In addition to their significant refining capacities, both the Petro Rabigh and Fujian joint ventures produce a variety of petrochemical and plastics products. In 2011 Petro Rabigh produced nearly two million mt of ethylene and propylene based petrochemical derivatives including polyethylene, polypropylene, PO and monoethylene glycol.

Last year, the Fujian joint venture produced more than three million mt of petrochemicals and plastics, including olefins, aromatics, polyolefins and paraxylene with over 2.5 million mt being exported. The SATORP joint venture, once completed, will produce paraxylene, benzene and propylene, in addition to its main products of gasoline, diesel and jet fuel.

Because Saudi Aramco is committed to increasing its downstream activities, especially in chemicals, a chemicals organization has been established within the company to oversee its rapidly growing chemicals and plastics portfolio and this organization is creating capabilities related to marketing, customer service, and product delivery.

#### *Operations Co-ordination Centre:*

The Operations Co-ordination Centre is the control centre for the management of Saudi Aramco's operations. The Operations Co-ordination Centre optimizes the hydrocarbon system's capacity and inventories, ensuring delivery of quality products to customers at the right time and place. Various Saudi Aramco organizations are represented in the Operations Co-ordination Centre. The planning and scheduling group monitors the movement of tankers, refined products, crude oil, NGLA and the electric power network.

#### *Electric Power Network:*

An extensive electrical power generation, transmission and distribution network underpins Saudi Aramco, sustaining the continual growth of the company's industrial operations throughout The Kingdom. Power is mainly sourced from SEC to locations both onshore and offshore.

#### *Supply and Distribution:*

Saudi Aramco controls a comprehensive petroleum product distribution system, which consists of a broad network of delivery systems, storage facilities, bulk plants and air-fuelling units strategically located throughout The Kingdom, supplying bulk customers on a daily basis with a variety of refined products (gasoline, diesel fuel, jet fuel, liquefied petroleum gas, fuel oil and asphalt). In supplying its bulk customers, it meets the needs of millions of customers in the industrial, agricultural and private sectors.

Saudi Aramco operates more than 20,000 km of pipeline for the transportation of crude oil, refined products and gas to bulk plants situated around The Kingdom to facilitate distribution of refined products. System facilities include air-fuelling units, as well as several temporary bulk plant/air-fuelling units and short haul pipelines. Saudi Aramco also supplies crude oil to domestic industrial customers. Added to this are extremely large scale tank farms that enable terminal exports of crude oil, NGL and refined products through the Arabian Gulf and the Red Sea. Interconnected with these storage facilities are extensive delivery systems that enable the timely and reliable delivery of products.

#### *Terminals:*

Saudi Aramco retains custody over The Kingdom's vital terminal system, which is used to ship or receive crude oil, NGL and refined products. Tank farms and shipping terminals enable supply to customers around the globe. Marine terminals are located at Ras Tanura, the world's largest crude oil shipping terminal, and Ju'aymah on the Arabian Gulf; and at Yanbu, Jiddah, Duba, Jazan and Rabigh on the Red Sea coast. These terminals are some of the busiest in the world, with more than 3,000 tankers calling at these terminals annually. Since beginning its first terminal operations at Ras Tanura in 1939, Saudi Aramco has steadily expanded the capacity of its terminals, which now enable it to service the largest crude oil and LPG tankers.

#### *Shipping:*

Vela, wholly-owned by Saudi Aramco, operates a fleet of 20 vessels engaged in the carriage of crude oil and refined products and celebrated 25 years of its operations in 2010.

Vela currently operates 14 double hulled VLCCs which transport crude oil to North America, Europe and Asia. Vela also disposed of five older single-hull VLCCs during the year and two more early in 2011, pursuant to international environmental regulations which require the phase-out of single-hulled tankers by 2015.

Domestically, supplementing its VLCC fleet, Vela also owns and operates five product carriers, comprising

four medium range tankers and one smaller Aframax class vessel and one floating storage VLCC. Vela has received ISO accreditation for its safe ship operations and environmental practices.

In November 2012, Bahri, Saudi Aramco executed definitive and legally binding agreements for Bahri to acquire Vela's fleet and operations. In exchange, an affiliate of Vela will acquire a 20% shareholding interest in Bahri, with the balance of consideration provided by Bahri to be paid to Vela in cash. This transaction will create a large and more diversified national shipping company. The transaction is subject to a number of conditions, including the approval of Bahri's capital increase by its shareholders, the approval of the relevant regulatory authorities, including the Capital Market Authority and the Supreme Council of Petroleum and Mineral Affairs.

The combination of Vela's ships, personnel and business systems within Bahri, along with Bahri's management responsibility for Saudi Aramco's VLCC transportation system will be implemented within Bahri's corporate structure. With 77 vessels in its fleet following the transaction (32 VLCCs, 20 chemical tankers, five product tankers, four roll-on roll-offs and 16 vessels under construction), Bahri would become the fourth-largest owner of VLCCs globally. Under the terms of the referenced agreements, Bahri will become the exclusive provider of VLCC crude oil shipping services to Saudi Aramco for crude oil sold by it on a delivered basis.

#### *Engineering & Project Management:*

The Engineering & Project Management business line provides innovative solutions, quality services and effective capital programme management.

Engineering Services ensures profitability by providing cost-effective technical solutions through leadership in technology transfer, research and development, process control, engineering standards and facility planning, while Project Management coordinates and executes engineered projects in the Saudi Aramco capital and non capital programmes safely, professionally, and in the most cost-effective manner. Project Management also conducts company-wide support activities in surveying, design, blasting management and pre commissioning services while seeking productivity enhancements to reduce costs and maintain essential services and functions.

#### *New Business Development:*

New Business Development is Saudi Aramco's focal point for developing new ventures. It is the organization tasked to create and invest in new businesses through leveraging Saudi Aramco's distinct assets and capabilities. New Business Development is responsible for identifying, receiving, evaluating, shaping and closing new business deals which will create value for both Saudi Aramco (new revenues, strategic benefits) and for The Kingdom (economic growth, increased private sector participation, job creation).

#### *Operations Services:*

Saudi Aramco's Operations Services business line provides the backbone support that is critical to all aspects of the company's operations. Through its Industrial Services organization, Operations Services safely and cost-effectively manages and maintains company resources, providing essential requirements for air, land, and marine transportation services, marine pollution control services, heavy equipment support, mechanical and electrical industrial plant equipment repair, road maintenance, and industrial maintenance systems support. Through best in class supply chain management practices, its "Materials Supply" organization provides every aspect of Saudi Aramco's operations and projects with material and associated services.

#### *Environment and Safety:*

The Environment Protection Department provides leadership on environmental issues and ensures that Saudi Aramco operates in an environmentally responsible manner. Saudi Aramco has developed a broad array of operational requirements, engineering standards and performance guidelines to direct its commitment. These include sanitary codes, project environmental assessments, air and water quality standards, occupational health regulations, hazardous material communication guidelines, waste management procedures and vital oil spill contingency plans.

Since 2001, Saudi Aramco has significantly increased spending on environmental programmes, and eight company sponsored environmental programmes were completed in 2010, including installing smokeless systems on 29 natural gas flares, and upgrading wastewater systems at company facilities across The Kingdom.

These projects include: upgrades of various flare systems; upgrades of sanitary wastewater treatment facilities in Dhahran, Riyadh, Rabigh and other areas; replacement of a refrigeration system in Riyadh; and addition of a diesel hydrotreater complex at Ras Tanura refinery.

Of paramount importance is the commitment to safety. The Loss Prevention Department's mission is to ensure the safety of Saudi Aramco employees and the public, as well as company assets, by identifying hazards, controlling risks and by educating and motivating company personnel and their families to work and live safely.

#### *Finance:*

Saudi Aramco's finance business line supports every aspect of the company's operations in such areas as financial planning and performance management, procurement support, risk management, capital investment, and corporate finance and plays a lead role in applying disciplined analysis to all key business decisions to improve the use of capital, optimize the acquisition and allocation of resources, and focus on higher-return investments.

#### *Industrial Relations:*

Industrial relations consolidates several essential Saudi Aramco services such as personnel, medical and community services, government and public affairs, and safety and industrial security. The five administrative areas under the Industrial Relations business line are Community Services, Employee Relations and Training, Medical Services, Safety & Industrial Security and Saudi Aramco Affairs.



## Description of Dow

### Overview:

Dow was founded in 1897. It is a diversified chemical company which combines the power of science and technology to passionately innovate what is essential to human progress. Dow connects chemistry and innovation with the principles of sustainability to help address many of the world's most challenging problems such as the need for clean water, renewable energy generation and conservation, and increasing agricultural productivity. Dow's diversified industry leading portfolio of specialty chemicals, advanced materials, agrosiences, and plastics businesses delivers a broad range of technology based products and solutions to customers in approximately 160 countries and in high-growth sectors such as electronics, water, energy, coatings and agriculture.

In 2012, Dow employed approximately 54,000 people worldwide. Dow has 188 manufacturing sites in 36 countries and produces approximately 5,000 products.

### Activities:

On 1 April 2009, Dow acquired Rohm and Haas Company, a global specialty materials company with 98 manufacturing sites in 30 countries and approximately 15,000 employees worldwide. The acquisition of Rohm and Haas Company has made Dow the world's leading specialty chemicals and advanced materials company, combining the two organizations' best-in-class technologies, broad geographic reach and strong industry channels to create an outstanding business portfolio with significant growth opportunities. The transaction has marked a decisive move in Dow's transformation into an earnings growth company with reduced cyclicality. Dow's business is organized into six operating segments, each of which is described below. Products from Sadara will primarily be marketed by the performance materials and performance plastics segments.

Operating Segments	Businesses		Principal Joint Ventures
Electronic & Functional Materials	<ul style="list-style-type: none"> <li>Dow Electronic Materials</li> </ul>	<ul style="list-style-type: none"> <li>Functional Materials</li> </ul>	<ul style="list-style-type: none"> <li>Dow Corning</li> </ul>
Coatings & Infrastructure Solutions	<ul style="list-style-type: none"> <li>Dow Building &amp; Construction</li> <li>Dow Coating Materials</li> </ul>	<ul style="list-style-type: none"> <li>Dow Water &amp; Process Solutions</li> <li>Performance Monomers</li> </ul>	<ul style="list-style-type: none"> <li>Dow Corning</li> </ul>
Agricultural Sciences	<ul style="list-style-type: none"> <li>Dow AgroSciences</li> </ul>	<ul style="list-style-type: none"> <li>Other: AgroFresh</li> </ul>	
Performance Materials <sup>(1)</sup>	<ul style="list-style-type: none"> <li>Amines</li> <li>Chlorinated Organics</li> <li>Dow Automotive Systems</li> <li>Dow Formulated Systems</li> <li>Dow Plastic Additives</li> </ul>	<ul style="list-style-type: none"> <li>Epoxy</li> <li>Oxygenated Solvents</li> <li>Polyglycols, Surfactants &amp; Fluids</li> <li>Polyurethanes</li> <li>Other: Dow Oil &amp; Gas</li> </ul>	<ul style="list-style-type: none"> <li>SCG Dow Group</li> <li>Sadara</li> <li>Map Ta Phut Olefins Company Limited</li> </ul>
Performance Plastics <sup>(2)</sup>	<ul style="list-style-type: none"> <li>Dow Elastomers</li> <li>Dow Electrical &amp; Telecommunications</li> <li>Dow Packaging &amp; Converting</li> </ul>	<ul style="list-style-type: none"> <li>Polyethylene</li> <li>Other: Plastics Licensing &amp; Catalyst</li> </ul>	<ul style="list-style-type: none"> <li>EQUATE</li> <li>SCG Dow Group</li> <li>The Kuwait Olefins Company</li> <li>Univation Technologies</li> <li>Sadara</li> </ul>
Feedstocks & Energy <sup>(3)</sup>	<ul style="list-style-type: none"> <li>Chlor Alkali / Chlor Vinyl</li> <li>Energy</li> </ul>	<ul style="list-style-type: none"> <li>Ethylene Oxide / Ethylene Glycol</li> <li>Hydrocarbons</li> </ul>	<ul style="list-style-type: none"> <li>SCG Dow Group</li> <li>EQUATE</li> <li>MEGlobal</li> <li>The Kuwait Olefins Company</li> </ul>

- (1) The performance materials segment included the results of the Synthetic Rubber business, as well as certain products from Dow Automotive Systems, through the 17 June 2010 divestiture of Styron. This segment also included a portion of the results of the OPTIMAL Group of Companies through the 30 September 2009 divestiture of this group of joint ventures. The segment also included the results of the Emulsion Polymers business through the 17 June 2010 divestiture of Styron.
- (2) The Plastics segment included the results of the Styrenics and the Polycarbonate & Compounds and Blends businesses, as well as the company's 50% ownership interest in Americas Styrenics LLC, through the 17 June 2010 divestiture of Styron. The segment also included the results of the Polypropylene business through the 30 September 2011 divestiture of the business.
- (3) The Feedstocks and Energy segment included a portion of the results of the OPTIMAL Group of Companies through the 30 September 2009 divestiture of this group of joint ventures.

Source: Sadara

### *Performance Plastics*

Dow's Performance Plastics segment is the world's leading producer of polyethylene and a leader in polymer catalyst and process technology. Dow's world-class expertise in polymers and material science is recognized industry-wide, and Dow's polyethylene process technology is the most practiced in the world. With highly productive and scalable operations combined with sales, marketing, application development, technical service and channels to market in almost 100 countries, the Performance Plastics segment is well-positioned to maximize growth opportunities on behalf of Dow and its partners.

### *Performance Materials*

Dow's Performance Materials segment is a leading supplier of isocyanates, polyols, epoxy resins, amines, surfactants, emulsion polymers, oxygenated solvents, and a range of other products. These businesses produce products with a broad range of applications – adhesives, aircraft and runway deicing fluids, automotive interiors and exteriors, carpeting, footwear, home furnishings, mattresses, personal care products, transportation, waterproofing membranes and wind turbines.

### *Electronic and Functional Materials*

Dow's Electronic and Functional Materials segment develops customized advanced materials for applications from semiconductors and flat panel displays to microbial control and cellulose for pharmaceuticals and food.

### *Coatings and Infrastructure Solutions*

Dow's Coatings and Infrastructure Solutions segment is an industry-leading portfolio of businesses focused on adhesives and sealants, construction materials, cellulosic-based construction additives, raw materials for architectural paints and industrial coatings, and technologies for water purification. The Coatings and Infrastructure Solutions segment includes the following businesses: Dow Building and Construction; Dow Coating Materials; Dow Water and Process Solutions; and Performance Monomers.

### *Agricultural Sciences*

Dow AgroSciences is a global leader in providing agricultural crop protection and plant biotechnology products, pest management solutions and healthy oils. The business invents, develops, manufactures and markets products for use in agriculture, industrial and commercial pest management, and food service.

### *Feedstocks and Energy*

Dow's Feedstocks and Energy segment includes the following businesses: Chlor-Alkali / Chlor-Vinyl; Energy; EO / Ethylene Glycol; and Hydrocarbons.

### *Marketing:*

Through its business groups, Dow has established itself as a premier global marketer of the full range of

chemicals and plastics that Sadara will manufacture. The following table describes the ranking of Dow as a supplier of products to be manufactured by Sadara based on product marketed globally:

Products	2012 Global Producers Ranking
Solution Polyethylene	1st
LDPE	3rd
PG	1st
BGE	1st
Solution Elastomers	1st
Polyether Polyols	1st
EA	1st
EOA	1st
MDI	4th

Source: CMAI

#### *Financial information*

Please see Appendix 4 “*Audited Financial Statements of Dow*” for further information.

Dow is rated BBB (stable outlook) by S&P and Baa3 (positive outlook) by Moody’s.

Dow is a listed company (NYSE Dow).

More information on Dow is available at: <http://www.dow.com>.

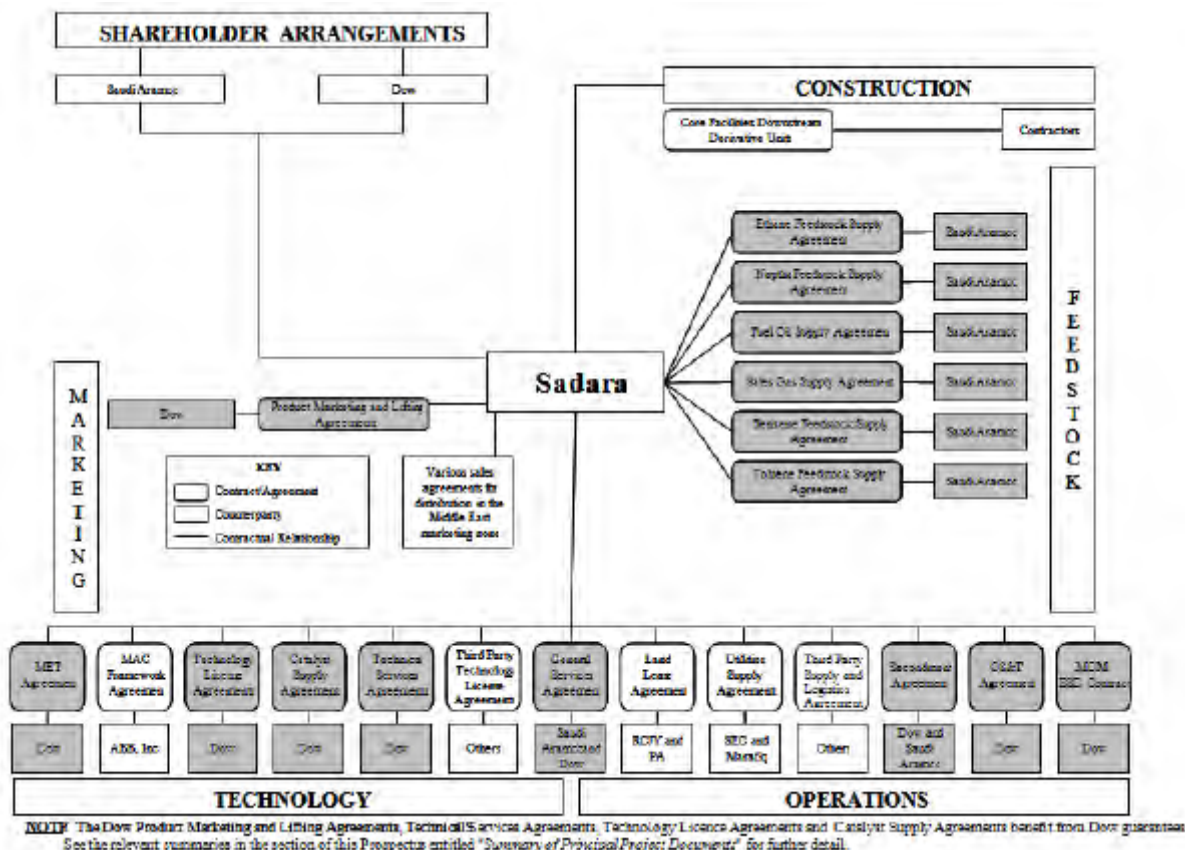
### Description of DEH

DEH is a wholly-owned indirect subsidiary of Dow. The objects of DEH are to act as a holding company, including, but not limited to, the participation in, and the management and financing of, other companies. DEH acts as the primary guarantor to Sadara's obligations pursuant to the DEH Primary Completion Guarantee. In addition, DEH acts as a significant technology provider.

## Certain Relationships and Related Party Transactions

### Overview:

The diagram below depicts various transactions between or among various related parties with respect to the Project (shaded grey). The entities and documents referred to in this diagram are described under the section of this Prospectus entitled “*Summary of the Principal Project Documents*” and elsewhere in this Prospectus.



Source: Sadara

References in this chart to “Dow” mean Dow or its Affiliates, as applicable. See “*Summary of the Principal Project Documents*” for the Dow entity who is party to each such agreement.

### Issuer Transactions:

The Issuer is an indirect subsidiary of Sadara, and on and from the Closing Date will be party to certain related party contracts, both with Sadara and the Completion Guarantors. For a summary of such contracts, please see the sections of this Prospectus entitled “*Summary of the Sukuk Transaction Documents*” and “*Summary of the Principal Finance Documents*”.

The Issuer is also party to a sub-lease agreement dated 24 Muharram 1434H (corresponding to 8 December 2012G) and made between Sadara as sub-lessor and the Issuer as sub-lessee pursuant to which it occupies its premises at 7448 King Saud Road, Dhahran 34455-4088, The Kingdom.

## TRANSACTIONS WITH SAUDI ARAMCO

As described in the section of this Prospectus entitled “*Description of Sadara*”, each of Sadara’s Saudi Aramco-appointed directors is an employee of Saudi Aramco or of one of its subsidiaries.

As an indirect shareholder in Sadara and a Sponsor, Saudi Aramco has entered into or will enter into several agreements with Sadara, including the following:

*Benzene Feedstock Supply Agreement:*

Saudi Aramco has agreed to supply to Sadara a quantity of Benzene Feedstock. Please see the section of this Prospectus entitled “*Summary of the Principal Project Documents – Feedstock Supply Agreements*” for further information.

*Ethane Feedstock Supply Agreement:*

Saudi Aramco has agreed to supply to Sadara a quantity of Ethane Feedstock. Please see the section of this Prospectus entitled “*Summary of the Principal Project Documents – Feedstock Supply Agreements*” for further information.

*Fuel Oil Supply Agreement:*

Saudi Aramco has agreed to supply to Sadara a quantity of Fuel Oil. Please see the section of this Prospectus entitled “*Summary of the Principal Project Documents – Feedstock Supply Agreements*” for further information.

*Naphtha Feedstock Supply Agreement:*

Saudi Aramco has agreed to supply to Sadara a quantity of Naphtha Feedstock. Please see the section of this Prospectus entitled “*Summary of the Principal Project Documents – Feedstock Supply Agreements*” for further information.

*Sales Gas Supply Agreement:*

Saudi Aramco has agreed to supply to Sadara a quantity of Sales Gas. Please see the section of this Prospectus entitled “*Summary of the Principal Project Documents – Feedstock Supply Agreements*” for further information.

*Toluene Feedstock Supply Agreement:*

Saudi Aramco has agreed to supply to Sadara a quantity of Toluene Feedstock. Please see the section of this Prospectus entitled “*Summary of the Principal Project Documents – Feedstock Supply Agreements*” for further information.

## TRANSACTIONS WITH DOW AND ITS AFFILIATES

As described in the section of this Prospectus entitled “*Description of Sadara*”, each of Sadara’s Dow appointed directors are employees of Dow or its subsidiaries.

As an indirect shareholder in Sadara and a Sponsor, Dow (or one or more of its Affiliates) has entered into or will enter into several agreements with Sadara, including the following:

*Dow In-Kingdom Pre-Acceptance Technical Services Agreements:*

Dow Saudi Arabia Company has agreed to provide, directly or through its Affiliates, certain technical services to Sadara to support construction, commissioning and start-up of the plant and test-runs on or before acceptance of the plant, for each of the following Dow technologies:

- (a) amines (EOA and EA);
- (b) BGE;
- (c) Chlor-alkali;
- (d) solution elastomers;
- (e) high pressure low-density polyethylene;
- (f) HPPO;
- (g) METEOR™ HEXTEO™ EO;
- (h) PMDI;
- (i) DMC;
- (j) polyols (KOH);



- (k) PG;
- (l) solution polyethylene; and
- (m) TDI.

Please see the section of this Prospectus entitled “*Summary of the Principal Project Documents – Technology Agreements – Technical Services Agreements*” for further information.

***Dow In-Kingdom Post-Acceptance Technical Services Agreements:***

Dow Saudi Arabia Company has agreed to provide, directly or through its Affiliates, certain technical services relating to the operation and maintenance of the plant, use and handling of catalysts, handling of product, and other additional services following acceptance of the plant to Sadara, for each of the following Dow technologies:

- (a) amines (EOA and EA);
- (b) BGE;
- (c) Chlor-alkali;
- (d) solution elastomers;
- (e) high pressure low-density polyethylene;
- (f) HPPO;
- (g) METEOR™ HEXTEO™ EO;
- (h) PMDI;
- (i) DMC;
- (j) polyols (KOH);
- (k) PG;
- (l) solution polyethylene; and
- (m) TDI.

Please see the section of this Prospectus entitled “*Summary of the Principal Project Documents – Technology Agreements – Technical Services Agreements*” for further information.

***Dow Out-of-Kingdom Post-Acceptance Technical Services Agreements:***

DEH has agreed to provide, directly or through its Affiliates, certain technical services to support operation and maintenance of the plant, use and handling of catalysts, handling of product, and other additional services following acceptance of the plant, for each of the following Dow technologies:

- (a) amines (EOA and EA);
- (b) BGE;
- (c) Chlor-alkali;
- (d) solution elastomers;
- (e) high pressure low-density polyethylene;
- (f) HPPO;
- (g) METEOR™ HEXTEO™ EO;
- (h) PMDI;
- (i) polyols (DMC);
- (j) polyols (KOH);
- (k) PG;
- (l) solution polyethylene; and
- (m) TDI.

Please see the section of this Prospectus entitled “*Summary of the Principal Project Documents – Technology Agreements – Technical Services Agreements*” for further information.

***Dow Product Marketing and Lifting Agreements:***

Dow Saudi Arabia Product Marketing B.V. has agreed to market and lift the various Products. Dow Saudi Arabia Product Marketing B.V. has the exclusive right to market all Products outside of The Kingdom and the Middle East Zone. The Dow Product Marketing and Lifting Agreements cover the following Products:

- (a) amines (EOA and EA);
- (b) benzene;
- (c) BGE;
- (d) ethylene;
- (e) high pressure low-density polyethylene;
- (f) PMDI;
- (g) polyols;
- (h) propylene;
- (i) PG;
- (j) Pygas;
- (k) solution elastomers;
- (l) solution high-density polyethylene;
- (m) solution polyethylene (C4);
- (n) solution polyethylene (C6);
- (o) solution polyethylene (C8);
- (p) toluene; and
- (q) TDI.

Please see the section of this Prospectus entitled “*Summary of the Principal Project Documents – Dow Product Marketing and Lifting Agreements*” for further information.

***Dow Technology License Agreements:***

DEH has agreed to license to Sadara certain patents and technology and will provide technical assistance and training to Sadara to manufacture products made at the Sadara Complex, pursuant to Dow Technology License Agreements for:

- (a) amines (EOA and EA);
- (b) BGE;
- (c) Chlor-alkali;
- (d) solution elastomers;
- (e) high pressure low-density polyethylene;
- (f) METEOR™ HEXTEO™ EO;
- (g) PMDI;
- (h) polyols (DMC);
- (i) polyols (KOH);
- (j) PG;
- (k) solution polyethylene; and
- (l) TDI.

Please see the sections of this Prospectus entitled “*Business Overview – Technology And Licensing*” and “*Summary of the Principal Project Documents – Technology License Agreements*” for further information.

***HPPO Manufacturer License Agreement:***

DEH has agreed to license to Sadara patents and technology and will provide technical assistance and training to Sadara to manufacture HPPO at the Sadara Complex. Please see the sections of this Prospectus entitled “*Business Overview – Technology And Licensing*” and “*Summary of the Principal Project Documents – Technology Agreements – Technology License Agreements*” for further information.

#### *Ethyleneamines Catalyst Supply Agreement:*

Dow has agreed to supply to Sadara certain Dow proprietary catalyst for the production of ethyleneamines at the Sadara Complex. Please see the sections of this Prospectus entitled “*Business Overview – Catalyst Supply*” and “*Summary of the Principal Project Documents – Catalyst Supply Agreements*” for further information.

#### *HPPO Epoxidation Catalyst Supply Agreement:*

Dow Europe GmbH has agreed to supply to Sadara certain Dow proprietary HPPO Epoxidation catalyst for the production of HPPO at the Sadara Complex. Please see the sections of this Prospectus entitled “*Business Overview – Catalyst Supply*” and “*Summary of the Principal Project Documents – Catalyst Supply Agreements*” for further information.

#### *METEOR™ Ethylene Oxide 200 Catalyst Supply Agreement:*

Dow has agreed to supply to Sadara certain Dow proprietary catalyst for the production of EO at the Sadara Complex. Please see the sections of this Prospectus entitled “*Business Overview – Catalyst Supply*” and “*Summary of the Principal Project Documents – Catalyst Supply Agreements*” for further information.

#### *Polyols (DMC) Catalyst Supply Agreement:*

Dow Europe GmbH has agreed to supply to Sadara certain Dow proprietary catalyst for the production of polyols at the Sadara Complex. Please see the sections of this Prospectus entitled “*Business Overview – Catalyst Supply*” and “*Summary of the Principal Project Documents – Catalyst Supply Agreements*” for further information.

#### *Solution Elastomers Catalyst Supply Agreement:*

Dow has agreed to supply to Sadara certain Dow proprietary catalyst and components for the production of solution elastomers at the Sadara Complex. Please see the sections of this Prospectus entitled “*Business Overview – Catalyst Supply*” and “*Summary of the Principal Project Documents – Catalyst Supply Agreements*” for further information.

#### *Solution Polyethylene Catalyst Supply Agreement:*

Dow has agreed to supply to Sadara certain Dow proprietary catalyst components for the production of solution polyethylene at the Sadara Complex. Please see the sections of this Prospectus entitled “*Business Overview – Catalyst Supply*” and “*Summary of the Principal Project Documents – Catalyst Supply Agreements*” for further information.

#### *General Services Agreement:*

The Dow Shareholder and Saudi Aramco have each agreed to supply certain technical and other services to Sadara from time to time, and Sadara has agreed to pay for costs incurred for the provision of those services. Please see the section of this Prospectus entitled “*Summary of the Principal Project Documents – General Services Agreement*” for further information.

#### *Secondment Agreement:*

The Dow Shareholder and Saudi Aramco have each agreed to supply Sadara with employees on a secondment basis. The seconded employees remain on the compensation and benefits packages provided by their respective Supporting Shareholder and Sadara reimburses the applicable Supporting Shareholder for the value of those compensation and benefits packages. Please see the section of this Prospectus entitled “*Summary of the Principal Project Documents – Secondment Agreement*” for further information.

#### *Operating Systems and Tools Agreement:*

DEH has agreed to grant Sadara a license to use certain work process, business methods, design standards and other operating systems and tools relating to the management and administration of chemical production. In

addition, DEH is a significant technology provider to the Project. Please see the section of this Prospectus entitled “*Summary of the Principal Project Documents – Operating Systems and Tools Agreement*” for further information.

*Out-of-Kingdom MOM/BSD Contract:*

Dow Saudi Arabia Holding B.V. will provide Sadara, subject to agreement on particular scopes of work, with systems integration, know-how and customizations to industry standard enterprise resource planning software solutions for business system delivery, human resources management, manufacturing operations and interfacing with marketers.

*Development Agreement with respect to Process Automation MET:*

Pursuant to this agreement, which was executed prior to the MACFA (summarized in the section of this Prospectus entitled “*Summary of the Principal Project Documents - Main Automation Contract Framework Agreement*”) and is being novated to Sadara by Aramco Services Company, and under which no material obligations are still to be performed, Dow provided information about certain work processes and technologies for use in anticipation of the activities to be conducted under the MACFA.

## Summary of the Principal Project Documents

*The following summaries are not intended to be full statements of the terms of the agreements referred to. Each summary should be read in conjunction with, and is qualified in its entirety by, the full form of the relevant agreement.*

*Certain capitalized terms used in this section are defined in the documents listed below, and when used herein have the meaning given in those documents unless a contrary intention appears.*

In this Section, the following agreements are summarized:

- Feedstock Supply Agreements;
- Dow Product Marketing and Lifting Agreements;
- Construction Contracts;
- Power Supply Implementation Agreement;
- Crude HP Supply Agreement;
- Tolling and Processing Agreement;
- Industrial Gases Purchase Agreement;
- Industrial Water Supply Agreement;
- Secondment Agreement;
- Industrial Land Lease Contract;
- General Services Agreement;
- Main Automation Contract Framework Agreement;
- Technology Agreements;
- Catalyst Supply Agreements;
- Dow OS&T Agreement;
- Shareholders' Agreement; and
- Nitrogen and Oxygen Supply Agreement.

### FEEDSTOCK SUPPLY AGREEMENTS

With its emphasis on liquids-cracking, Sadara will constitute a milestone in The Kingdom's industrialization and the development of its chemicals industry in particular. The Project's mixed-feed steam cracker will crack naphtha, supplemented with ethane to enhance yields and economic performance. To this end, the Ministry of Petroleum and Mineral Resources has allocated ethane and sales gas (for both fuel and feedstock needs) to the Project.

Saudi Aramco will supply Sadara's requirements for the following fuels and feedstocks under supply agreements:

- (a) naphtha;
- (b) ethane;
- (c) sales gas;
- (d) fuel oil (with Arab heavy crude oil to be supplied as a backup fuel);
- (e) benzene; and
- (f) toluene.

### NAPHTHA FEEDSTOCK SUPPLY AGREEMENT

Naphtha Feedstock will be fed through the Project's mixed-feed steam cracker to produce ethylene, propylene and Pygas for use by Sadara's downstream process units, and crude C<sub>4</sub>s for sale.

Saudi Aramco, as the seller, and Sadara, as the buyer, entered into the NFSA dated as at 11 September 2012, which governs the terms on which Saudi Aramco will supply Sadara with Naphtha Feedstock to be used solely and exclusively as feedstock.

#### *Term:*

The NFSA becomes effective on the date of its signature and expires on the 30th anniversary of the date on which testing and commissioning of the steam cracker has been completed. No later than two years prior to the expiration of the term, the parties shall conduct good faith discussions with respect to extending the term for an additional ten years.

*Supply Obligations:*

Saudi Aramco will supply Naphtha Feedstock to Sadara, up to a maximum monthly quantity, and subject to other terms and conditions of the NFSA. A limited amount of extra Naphtha Feedstock and related compensation is available where there is an unexcused shortfall in the delivery of Ethane Feedstock under the EFSA.

If there is a reduction in the production of naphtha within The Kingdom as a consequence of its crude oil production policies or if Saudi Aramco is prevented from making available Naphtha Feedstock due to a force majeure event under the NFSA, then for the period of such reduction or force majeure event, Saudi Aramco shall be entitled to reduce the quantities of Naphtha Feedstock made available for delivery to Sadara by an amount calculated on a pro rata basis no greater than the amount by which Saudi Aramco reduces the quantities of naphtha made available for delivery to all other domestic industrial customers of Saudi Aramco.

Saudi Aramco shall at all times give preference to Sadara over Saudi Aramco's export customers in meeting Sadara's requirements with respect to Naphtha Feedstock.

The NFSA provides for the payment of certain amounts when there is an unexcused failure to take or make delivery Naphtha Feedstock.

*Price:*

The price per mt of Naphtha Feedstock to be paid by Sadara to Saudi Aramco for Naphtha Feedstock delivered shall be based on a market related price.

*Specific Warranties:*

Saudi Aramco warrants that all the terms and conditions relating to the pricing of the Naphtha Feedstock delivered pursuant to the NFSA are, and shall remain, no less favorable to Sadara than the pricing terms granted by Saudi Aramco to unrelated third party and joint venture purchasers of naphtha feedstock located within, and for use in petrochemical production within, The Kingdom.

*Events of Default:*

The following shall be events of default under the NFSA: (a) failure by Sadara to comply with any payment obligations under the NFSA; (b) breach by Saudi Aramco of certain warranties provided under the NFSA; (c) any unexcused failure by Saudi Aramco to deliver at least 50% in aggregate of the Naphtha Feedstock nominated by Sadara over any period of two consecutive months; and (d) the occurrence of an insolvency event.

Sadara and Saudi Aramco may exercise their respective termination rights only following the occurrence of an event of default, the expiration of the applicable cure period and the delivery of the requisite notice of termination.

**ETHANE FEEDSTOCK SUPPLY AGREEMENT**

In addition to Naphtha Feedstock, Ethane Feedstock will be fed through the Project's mixed-feed steam cracker to produce primarily ethylene and propylene for use by Sadara's downstream process units.

Saudi Aramco, as the seller, and Sadara, as the buyer, entered into the EFSA as at 11 September 2012, which governs the terms on which Saudi Aramco will supply Sadara with Ethane Feedstock to be used solely and exclusively as feedstock.

*Term:*

The EFSA becomes effective on the date of its signature and expires on the 20<sup>th</sup> anniversary of the commercial operations date. The parties shall discuss in good faith extending the term for an additional ten years.

*Supply Obligations:*

Saudi Aramco will supply Ethane Feedstock to Sadara, up to a maximum daily quantity, subject to other terms and conditions of the EFSA.



If there is a reduction in the availability of ethane within the Eastern Province of The Kingdom as a consequence of relevant Government policies, or if Saudi Aramco is prevented from making available Ethane Feedstock due to a force majeure event under the EFSA or a planned shutdown, then for the period of such reduction, force majeure event or planned shutdown, Saudi Aramco shall be entitled to reduce the quantities of Ethane Feedstock made available for delivery to Sadara by an amount calculated on a *pro rata* basis no greater than the amount by which Saudi Aramco reduces the quantities of ethane made available for delivery to all other non utility industrial customers of Saudi Aramco within the Eastern Province of The Kingdom.

*Price:*

The price per mmBtu of Ethane Feedstock to be paid by Sadara to Saudi Aramco for Ethane Feedstock delivered shall be the domestic price for ethane in The Kingdom.

*Events of Default:*

The following shall be events of default under the EFSA: (a) failure by Sadara to comply with any payment obligations under the EFSA; (b) breach by Saudi Aramco of certain warranties provided under the EFSA; (c) any unexcused failure by Saudi Aramco to deliver at least 50% in aggregate of the Ethane Feedstock nominated by Sadara over any period of two consecutive months; and (d) the occurrence of an insolvency event.

Sadara and Saudi Aramco may exercise their respective termination rights only following the occurrence of an event of default, the expiration of the applicable cure period and the delivery of the requisite notice of termination.

## SALES GAS SUPPLY AGREEMENT

Sales Gas will be utilized as feedstock for the hydrogen and carbon monoxide unit, EO and the ammonia plant, and as fuel for the process furnaces.

Saudi Aramco, as the seller, and Sadara as the buyer, entered into the SGSA dated as at 11 September 2012 which governs the terms on which Saudi Aramco will supply Sales Gas.

*Term:*

The SGSA becomes effective on the date of its signature and expires on the 20<sup>th</sup> anniversary of the date on which testing and commissioning of the MDI and TDI production units have been completed. The parties shall discuss in good faith extending the term for an additional ten years.

*Supply Obligations:*

Saudi Aramco will supply Sales Gas to Sadara, up to a maximum daily quantity, subject to other terms and conditions of the SGSA.

If there is a reduction in the production of sales gas within the Eastern Province of The Kingdom as a consequence of relevant Government policies or if Saudi Aramco is prevented from making available Sales Gas due to a force majeure event under the SGSA or a planned shutdown, then for the period of such reduction, force majeure event or planned shutdown, Saudi Aramco shall be entitled to reduce the quantities of Sales Gas made available for delivery to Sadara by an amount calculated on a *pro rata* basis no greater than the amount by which Saudi Aramco reduces the quantities of sales gas made available for delivery to all other non utility industrial customers of Saudi Aramco within the Eastern Province of The Kingdom.

*Price:*

The price per mmBtu of Sales Gas to be paid by Sadara to Saudi Aramco for Sales Gas delivered shall be the domestic price for sales gas in The Kingdom.

*Events of Default:*

The following shall be events of default under the SGSA: (a) failure by Sadara to comply with any payment

obligations under the SGSA; (b) breach by Saudi Aramco of certain warranties provided under the SGSA; (c) any unexcused failure by Saudi Aramco to deliver at least 50% in aggregate of the Sales Gas nominated by Sadara over any period of two consecutive months; and (d) the occurrence of an insolvency event.

Sadara and Saudi Aramco may exercise their respective termination rights only following the occurrence of an event of default, the expiration of the applicable cure period and the delivery of the requisite notice of termination.

## FUEL OIL SUPPLY AGREEMENT

Fuel Oil will be utilized as fuel for Sadara's steam generation units.

Saudi Aramco, as the seller, and Sadara, as the buyer, entered into the FOSA dated 11 September 2012 which governs the terms on which Saudi Aramco will supply Fuel Oil to Sadara to be used solely and exclusively as fuel for the steam generation units.

### *Term:*

The FOSA becomes effective on the date of its signature and expires on the 30<sup>th</sup> anniversary of the date on which testing and commissioning of the steam cracker has been completed. The parties shall conduct good faith discussions with respect to extending the term.

### *Supply Obligations:*

Saudi Aramco will supply Fuel Oil to Sadara, up to a maximum monthly quantity.

If Saudi Aramco fails or is unable to deliver Fuel Oil for any reason, Saudi Aramco shall make available for delivery an equivalent quantity of AH Crude.

Saudi Aramco shall at all times give preference to Sadara over Saudi Aramco's export customers in meeting Sadara's requirements with respect to Fuel Oil.

### *Price:*

The price per liter of Fuel Oil and AH Crude shall be the relevant domestic price in The Kingdom.

### *Events of Default:*

The following shall be events of default under the FOSA: (a) failure by Sadara to comply with any payment obligations under the FOSA; (b) breach by Saudi Aramco of certain warranties provided under the FOSA; (c) any unexcused failure by Saudi Aramco to: (i) deliver at least 50% in aggregate of the Fuel Oil nominated by Sadara over any period of two consecutive months; and (ii) make available for delivery an equivalent quantity of AH Crude; and (d) the occurrence of an insolvency event.

Sadara and Saudi Aramco may exercise their respective termination rights only following the occurrence of an event of default, the expiration of the applicable cure period and the delivery of the requisite notice of termination.

## BENZENE FEEDSTOCK SUPPLY AGREEMENT

Benzene Feedstock and Pygas will be converted by Sadara's aromatics units into isocyanates grade benzene for use as feedstock by Sadara's isocyanates production units.

Saudi Aramco, as the seller, and Sadara, as the buyer, entered into the BFSA, dated as at 11 September 2012, which governs the terms on which Saudi Aramco will supply to Sadara Benzene Feedstock to be used solely and exclusively as feedstock.

### *Term:*

The BFSA becomes effective on the date of its signature and expires on the 30<sup>th</sup> anniversary of the date on which testing and commissioning of the steam cracker has been completed. The parties shall conduct good faith discussions with respect to extending the term for an additional ten years.

### *Supply Obligations:*

Saudi Aramco will supply Benzene Feedstock to Sadara, up to a maximum monthly quantity, subject to other terms and conditions of the BFSA.

If there is a reduction in the production of benzene at Saudi Aramco's facilities as a consequence of relevant Government policies or if Saudi Aramco is prevented from making available Benzene Feedstock due to a force majeure event under the BFSA or a planned shutdown, then for the period of such reduction, force majeure event or planned shutdown, Saudi Aramco shall be entitled to reduce the quantities of Benzene Feedstock made available for delivery to Sadara by an amount calculated on a *pro rata* basis no greater than the amount by which Saudi Aramco reduces the quantities of benzene made available for delivery to all other domestic industrial customers of Saudi Aramco's facilities.

Saudi Aramco shall at all times give preference to Sadara over Saudi Aramco's export customers in meeting Sadara's requirements with respect to benzene sourced from Saudi Aramco's facilities.

The BFSA provides for the payment of certain amounts when there is an unexcused failure to take delivery or an unexcused failure to make available for delivery of Benzene Feedstock.

### *Price:*

The price per mt of Benzene Feedstock to be paid by Sadara to Saudi Aramco for Benzene Feedstock delivered shall be market related.

### *Specific Warranties:*

Saudi Aramco warrants that all the terms and conditions relating to the pricing of the Benzene Feedstock delivered pursuant to the BFSA are, and shall remain, no less favorable to Sadara than the pricing terms granted by Saudi Aramco to unrelated third party and joint venture purchasers of Benzene Feedstock located within, and for use in petrochemical production within, The Kingdom.

### *Events of Default:*

The following shall be events of default under the BFSA: (a) failure by Sadara to comply with any payment obligations under the BFSA; (b) breach by Saudi Aramco of certain warranties provided under the BFSA; (c) any unexcused failure by Saudi Aramco to deliver at least 50% in aggregate of the Benzene Feedstock nominated by Sadara over any period of two consecutive months; and (d) the occurrence of an insolvency event.

Sadara and Saudi Aramco may exercise their respective termination rights only following the occurrence of an event of default, the expiration of the applicable cure period and the delivery of the requisite notice of termination.

## **TOLUENE FEEDSTOCK SUPPLY AGREEMENT**

Toluene Feedstock and Pygas will be converted by Sadara's aromatics units into isocyanates-grade toluene for use as feedstock by Sadara's isocyanates production units.

Saudi Aramco, as the seller, and Sadara, as the buyer, entered into the TFSA dated as at 11 September 2012, which governs the terms on which Saudi Aramco will supply to Sadara Toluene Feedstock to be used solely and exclusively as feedstock.

### *Term:*

The TFSA becomes effective on the date of its signature and expires on the 30<sup>th</sup> anniversary of the date on which testing and commissioning of the steam cracker has been completed. The parties shall conduct good faith discussions with respect to extending the term for an additional ten years.

*Supply Obligations:*

Saudi Aramco will supply Toluene Feedstock to Sadara, up to a maximum monthly quantity, subject to other terms and conditions of the TFSA.

If there is a reduction in the production of toluene at Saudi Aramco's refinery located at Ras Tanura in the Eastern Province of The Kingdom as a consequence of relevant Government policies or if Saudi Aramco is prevented from making available Toluene Feedstock due to a force majeure event under the TFSA or a planned shutdown, then for the period of such reduction, force majeure event or planned shutdown, Saudi Aramco shall be entitled to reduce the quantities of Toluene Feedstock made available for delivery to Sadara by an amount calculated on a *pro rata* basis no greater than the amount by which Saudi Aramco reduces the quantities of toluene sourced from the Ras Tanura refinery that are made available for delivery to all other domestic industrial customers of the Ras Tanura refinery.

Saudi Aramco shall at all times give preference to Sadara over Saudi Aramco's export customers in meeting Sadara's requirements with respect to toluene sourced from the Ras Tanura refinery.

The TFSA provides for the payment of certain amounts when there is an unexcused failure to take delivery or an unexcused failure to make available for delivery of Toluene Feedstock.

*Price:*

The price per mt of Toluene Feedstock to be paid by Sadara to Saudi Aramco for Toluene Feedstock delivered shall be a market related price.

*Specific Warranties:*

Saudi Aramco warrants that all the terms and conditions relating to the pricing of the Toluene Feedstock delivered pursuant to the TFSA are, and shall remain, no less favorable to Sadara than the pricing terms granted by Saudi Aramco to unrelated third party and joint venture purchasers of toluene feedstock located within, and for use in petrochemical production within, The Kingdom.

*Events of Default:*

The following shall be events of default under the TFSA: (a) failure by Sadara to comply with any payment obligations under the TFSA; (b) breach by Saudi Aramco of certain warranties provided under the TFSA; (c) any unexcused failure by Saudi Aramco to deliver at least 50% in aggregate of the Toluene Feedstock nominated by Sadara over any period of two consecutive months; and (d) the occurrence of an insolvency event.

Sadara and Saudi Aramco may exercise their respective termination rights only following the occurrence of an event of default, the expiration of the applicable cure period and the delivery of the requisite notice of termination.

## DOW PRODUCT MARKETING AND LIFTING AGREEMENTS

The following are key terms and conditions from the template product marketing and lifting agreement (**PMLA**). The PMLA is the template for Dow Product Marketing and Lifting Agreements to market and lift high pressure low-density polyethylene, solution high density polyethylene, solution polyethylene (C<sub>4</sub>), solution polyethylene (C<sub>6</sub>), solution polyethylene (C<sub>8</sub>), solution elastomers, PG, amines (EOA and EA), polyols, PMDI, TDI, BGE, Pygas, propylene, ethylene, benzene and toluene.

*Parties:*

Dow Saudi Arabia Product Marketing B.V. (**Marketer**) and Sadara (**Seller** and, together with the Marketer, the **Parties** and each, a **Party**).

*Purpose:*

Marketer will market and lift each product meeting specifications set forth in the relevant PMLA (**Product**).

*Term:*

Each PMLA takes effect on the date on which: (i) the PMLA is executed; and (ii) the Marketer has provided to the Seller certain agreed form parent company guarantees and shall remain in force until the earlier of:

- (a) the date on which the Seller ceases to own the Sadara Complex; and
- (b) the date on which the Seller terminates the PMLA and Affiliates of both Dow and Saudi Aramco have entered into a separate PMLA with the Seller with respect to the marketing and lifting of Product.

*Marketing Rights:*

The Seller has the exclusive right to market the Product in The Kingdom and the Middle East Zone and the Marketer has the exclusive right to market outside of The Kingdom and the Middle East Zone all Products not marketed by the Seller.

*Delivery Obligations:*

Commencing on the commercial production date the Seller shall deliver the quantity of the Product specified in the relevant marketing plan.

*Product Delivery Terms:*

The PMLA contains detailed provisions for delivery of the Product by the Seller to (and lifting of that Product by the Marketer via) bulk parcel tankers and container vessels.

*Lifting Obligations:*

The Marketer shall:

- (a) take delivery of all Products produced and made available by the Seller to the Marketer; and
- (b) implement each marketing plan and in so doing shall use the same effort as it would in implementing its own marketing plans.

*Failure to Deliver:*

If in any month: (a) the Seller does not deliver the quantity of the Product which it is required to (other than due to: (i) planned maintenance; (ii) a force majeure event (as described below) affecting the Seller; (iii) a breach of the PMLA by the Marketer; (iv) the non-delivery of proprietary catalysts / catalyst components for which the Marketer (or its affiliates) is liable under the terms of the relevant catalyst supply agreement; or (v) a claim against the Seller relating to infringement of intellectual property rights licensed by the Marketer (or its affiliates) to the Seller); or (b) any Off-Spec Product is rejected by the Marketer (a **Shortfall**), the Seller shall:

- (a) indemnify the Marketer against all liabilities reasonably incurred by the Marketer in procuring and marketing the Shortfall quantity of Equivalent Products and pay the Marketing Fee in connection with the sale of such Equivalent Products; or
- (b) if the Marketer is unable to procure the same quantity of Equivalent Products, indemnify the Marketer against all claims by customers as a result and pay the Marketing Fee in respect of the Shortfall.

The Marketer shall use commercially reasonable efforts to mitigate any liability which the Seller may otherwise incur for failing to deliver the Product.

*Failure to Lift:*

If in any month the Marketer does not take delivery of any Product made available by the Seller (other than due to a force majeure event (as described below) affecting the Marketer or a breach of the PMLA by the Seller) (**Unlifted Product**), the Seller may market such Unlifted Product, including to customers outside of The Kingdom and the Middle East Zone. The Marketer shall not be entitled to receive a Marketing Fee in relation to the sale of such Unlifted Product and shall, subject to the limitations on liability specified in the PMLA:

- (a) reimburse the Seller for any reasonable costs incurred by the Seller in excess of the amounts that the Seller would have paid to the Marketer had such Unlifted Product been sold by the Marketer; and
- (b) pay the Seller any difference between the sales proceeds received by the Seller (minus costs incurred by the Seller equivalent to Freight and Deductibles) and the Net Sales Proceeds which the Marketer would have achieved if the Marketer had sold the Unlifted Product.

The Seller shall use commercially reasonable efforts to mitigate any liability which the Marketer may otherwise incur for failing to lift the Product.

*Production and marketing planning:*

At least 120 days before the start of each year, the Seller will notify the Marketer of its best estimate for each month of the following year of the quantity of the Product that it will make available for delivery to and marketing by the Marketer. Following receipt of such notice, the Marketer will deliver to the Seller a draft marketing plan for the following year which shall provide that the Marketer will market and lift 100% of the quantities of the Product notified in the Seller's notice. Thereafter, the Seller may approve the draft marketing plan or request that the Marketer makes amendments to it. The marketing plan shall be approved no later than 30 days before the start of the relevant year.

The Seller shall have ultimate control over the approval of the marketing plan and any changes to it.

As a result of certain agreements which are in place (unrelated to the Project):

- (a) neither the Marketer nor the Seller will be permitted to market, promote, sell or distribute certain Products in Malaysia until July 2023; and
- (b) neither the Marketer nor the Seller will be able to sell polyethylene products or solution elastomers in Thailand until the termination of the relevant joint venture agreement.

These restrictions are included in the relevant PMLAs.

*Title and Risk of Loss:*

The title to and (other than the Freight and Deductibles) the risk of loss or damage to the Product delivered to the Marketer shall pass from the Seller to the Marketer or to any Delegate, as the case may be, on delivery of such Product.

*Quality of Product:*

The Seller shall ensure that any Product to be delivered to the Marketer conforms to the production specification provided by the Seller (**Production Specification**).

The Marketer shall market any delivered Product that conforms to the Production Specification under Dow's trade name and package with both Parties' corporate names and / or logos.

The Marketer shall market any delivered Product that does not conform to the Production Specification, but does conform to the Marketer sales specification and the packaging specifications (each as provided by the Marketer) as directed by the Seller either: (i) under a generic label; or (ii) under the Seller's trade names and / or trademarks.

*Indemnities:*

The Seller will indemnify the Marketer and certain related persons and Delegates (each an **Indemnified Person**) with respect to:

- (a) any claims brought against the Marketer in connection with any liens, claims, or encumbrances of the Seller or any creditor of or lender to the Seller on any Product after it has been delivered;
- (b) subject to certain specified exclusions, any claims against an Indemnified Person by any other person and any liabilities incurred by an Indemnified Person in connection with the manufacture, consumption or disposal of any Product.



### *Marketing Fee:*

The Marketer shall be entitled to be paid a marketing fee equal to a percentage (which differs on a PMLA-by-PMLA basis in a range of 1.5% to 7.5%) of the net sales proceeds of each sale of the Product by the Marketer (**Marketing Fee**).

The PMLA provides for certain adjustments to be made to the Marketing Fee in respect of a sale of the Product on a periodic basis.

### *Invoicing and Payment:*

#### *Product*

Simultaneously with the delivery of any Product, the Seller shall submit an invoice (**Seller's Pro Forma Invoice**) to the appropriate authorities to facilitate the export of the relevant Product from The Kingdom. The Seller's Pro Forma Invoice shall include certain specified items (and such other items as may be required by the export authority) and shall be based on objective benchmark prices (or, if more are available, an estimate of net sales proceeds for the relevant Product).

Within three days after the Marketer notifies the Seller of the sale data applicable to a sale of a Product to a customer, the Seller shall submit an invoice (**Seller's Final Invoice**) to the Marketer for such sale.

The Marketer shall, on Monday of each week, pay the Seller the full amount of any Seller's Final Invoice for which the Marketer has received any cleared proceeds from a customer during the previous week.

If the Marketer has not received any cleared proceeds from the customer for a sale by the Monday of the week after the Last Payment Date, the Marketer shall pay the Seller the full amount of the Seller's Final Invoice, together with interest thereon.

If the Marketer has not received any cleared proceeds from the customer for a sale by the long stop date (180 days from the date of the Seller's Pro Forma Invoice), the Marketer shall pay the Seller the amount set out in the Seller's Pro Forma Invoice for the sale of such Product. If the Marketer subsequently sells such Product, a payment will be made (either by the Marketer or the Seller (as applicable)) to reflect the difference between the Seller's Pro Forma Invoice and the Seller's Final Invoice issued in respect of such sale.

#### *Freight and Deductibles*

On each Friday after the commercial production date, the Marketer shall submit an invoice to the Seller for specified costs (**Freight and Deductibles**) incurred in connection with each customer sale made during that week calculated by applying the standard rates agreed by the Parties. Such invoice shall be paid by the Seller on the following Monday.

Within 30 days after the end of each contract quarter, the Marketer shall submit, for customer sales in respect of which Freight and Deductibles have been paid by the Marketer during such contract quarter, an invoice for any difference between the actual Freight and Deductibles paid by the Marketer and the amount of the Freight and Deductibles already paid by the Seller to the Marketer according to the standard rates. Such invoice shall be paid by the Marketer or the Seller (as applicable) on each Monday after it is received by the Marketer or the Seller.

#### *Rebates*

The Marketer shall submit an invoice to the Seller for any rebates paid by the Marketer to or in favor of a customer which shall be payable weekly (in the currencies in which they were paid) by the Seller.

### *Termination:*

The Seller may terminate the PMLA if:

- (a) neither of the parent company guarantees is in full force and effect 15 days from the delivery of a notice from the Seller;
- (b) on 30 days' notice to the Marketer: or
  - (i) if Dow, directly or indirectly, ceases to be a shareholder in the Seller; or

- (ii) if Saudi Aramco has exercised its right to terminate the PMLA upon the completion of a Dow Divestiture (as defined in the Shareholders' Agreement) to a third party in accordance with the Shareholders' Agreement.

The Marketer may terminate the PMLA if Dow (as shareholder) becomes entitled to exit the Project as a result of serious default by Saudi Aramco.

Either Party may terminate the PMLA if:

- (a) an insolvency event occurs in respect of the other Party;
- (b) the other Party breaches a material obligation under the PMLA that is not remedied within a specified cure period;
- (c) the other Party fails to make any payments where the amount due and unpaid exceeds the amount specified in the PMLA; or
- (d) the Seller is wound up.

The Seller and the Marketer may only exercise their respective termination rights following the occurrence of one of the above events, the expiration of the applicable cure period, the referral to respective chief executive officers for resolution (if applicable) and the delivery of the requisite notice of termination.

#### *Force Majeure Events:*

The PMLA contains a customary definition of "force majeure event". To the extent and for the duration that a Party is directly prevented or materially delayed from performing any (or any part) of its obligations under the PMLA (other than an obligation to pay money) by reason of such a force majeure event, such obligations shall be suspended without liability for the period during which the performance of such obligations is prevented or delayed.

The Seller shall be entitled to market the Product to customers outside of The Kingdom and the Middle East Zone to the extent the Marketer cannot do so by reason of such a force majeure event.

#### *Limitations on Liability:*

The maximum annual liability of the Marketer to the Seller in respect of:

- (a) any breach of the PMLA by the Marketer (save for any failure to lift Product in accordance with the PMLA), shall not exceed 100% of the Marketing Fees received by the Marketer during the previous year; and
- (b) any payments required to be made by the Marketer in respect of any failure to lift the Product, shall not exceed 200% of the Marketing Fees received by the Marketer during the previous year.

The maximum liability of the Seller to the Marketer in any year in respect of all liabilities incurred by the Marketer as a result of any breach of the PMLA by the Seller, shall not exceed in aggregate 100% of the Marketing Fees received by the Marketer during the previous year, or in respect of the first year, received during that year.

The liability caps do not apply to indemnities.

#### *Consequential Losses:*

No Party shall be liable to the other for any loss of profit or consequential loss which the other Party, certain related persons or Delegates may suffer or incur under the PMLA.

#### *Governing Law:*

The PMLA is governed by English law.

## CONSTRUCTION CONTRACTS

### Introduction

#### *General:*

This section summarizes the pro forma construction contracts that have been developed for the Project.

Over 80% of the major contract packages have already been awarded and have executed contracts in place which will cover 95% of the Project's total construction expenditures. These have been based on the pro forma Construction Contracts. In some cases, certain changes to the pro forma Construction Contracts have been agreed with some of the chosen Contractors for their respective work packages. A due diligence report prepared by local Saudi legal advisors in conjunction with this Prospectus identifies the extent (if any) to which they consider such changes to be material.

The Sponsors have developed a comprehensive set of criteria in selecting the contract type to be used for each work package, with two alternative contract models having been developed for use for the 'main' Construction Contracts:

- (a) LSTK Contract; and
- (b) EPCM Contract / LSPB Contract.

The different contract models (and derivative options within these models) provide the Sponsors with flexibility as to the amount of risk that will be imposed upon the Contractor(s) in relation to each work package. This flexibility will also allow the Sponsors to broaden the potential contractor bidder pool if required. This may be important from a Project cost perspective, given the size of the Project.

#### (i) ***Lump-Sum Turnkey Contracts:***

Broadly, under the LSTK Contracts, the Contractor is responsible for the engineering, procurement and construction of the particular facility/infrastructure. The Pro Forma Bifurcated Lump-Sum Turnkey Contract is the primary form of LSTK Contract under which the selected in-Kingdom and out-of-Kingdom Contractors will together engineer, procure and construct the facility/infrastructure for a fixed-price lump-sum.

Due to differing complexities in the Project's work scope, variances to the pro forma LSTK Contract have been developed for certain work packages. These include the following:

- (a) **Pro Forma Unitary Process Plant Lump-Sum Turnkey Contract** under which the selected Contractor will engineer, procure and construct the facility/infrastructure – which is to be a process plant(s) – for a fixed-price lump-sum;
- (b) **Pro Forma Unitary Non-Process Plant/Early Works Lump-Sum Turnkey Contract** under which the selected Contractor will engineer, procure and construct the infrastructure – which may be in the form of early works such as leveling the construction-site and putting in roading (or other work not involving a chemical process) – for a fixed-price lump-sum; and
- (c) **Pro Forma Unitary Non-Process Plant / Temporary Facilities Lump-Sum Turnkey Contract** under which the selected Contractor will engineer, procure and construct temporary facilities – such as a 'temporary' camp for personnel of Sadara and its consultants – for a fixed-price lump-sum.

Specific provisions in respect of the Pro Forma Bifurcated Lump-Sum Turnkey Contract and each of the above identified variations are outlined later in this Construction Contracts section of this Prospectus.

#### (ii) ***EPCM Contract / LSPB Contract:***

Broadly, under the EPCM Contract, the EPCM Contractor is responsible for:

- (a) preparing the detailed design and engineering for the facility/infrastructure;
- (b) procuring the major equipment and materials for the facility/infrastructure by placing purchase orders with vendors that have been approved by Sadara; and
- (c) assisting with the management of the construction phase (which may include managing various LSPB Contractors), in respect of the facility/infrastructure.

Broadly, under the LSPB Contract, the LSPB Contractor is responsible for:

- (a) implementing the detailed design and engineering for the facility/infrastructure as prepared by the EPCM Contractor;
- (b) procuring bulk materials for the facility/infrastructure (e.g., concrete (the EPCM Contractor will procure the great majority of equipment and imported materials for the facility/infrastructure)); and
- (c) constructing the relevant facility/infrastructure, including taking delivery of and installing the major equipment and materials procured by the EPCM Contractor.

The EPCM Contract / LSPB Contract model has advantages in terms of increasing the Contractor bidder pool, pricing and scheduling. A disadvantage with this model is that there is no 'single point responsibility': the EPCM Contractor is responsible for design and engineering, the LSPB Contractor is responsible for construction, the vendors are responsible for the equipment and materials that they are to supply, and each is not liable for the work or default of the others.

The following pro forma EPCM / LSPB Contracts have been developed for the Project:

- (a) **Pro Forma Bifurcated Engineering, Procurement and Construction Management (EPCM) Contract** under which the selected in-Kingdom and out-of-Kingdom Contractors will together design and engineer the facility/infrastructure, procure equipment and materials for the facility/infrastructure, and assist with the management of the construction phase of the facility/infrastructure;
- (b) **Pro Forma Unitary Lump-Sum Procure Build Contract** under which the selected Contractor will construct the facility/infrastructure for a fixed-price lump-sum; and
- (c) **Pro Forma Unitary Modified Lump-Sum Procure Build Contract** under which the selected Contractor will construct the facility/infrastructure for a fixed-price lump-sum (based on a schedule of quantities provided by Sadara, with the price adjusted if quantities depicted in Sadara approved IFC drawings differ from the initially-provided quantities).

Specific provisions in respect of the Pro Forma Bifurcated Engineering, Procurement and Construction Management Contract, the Pro Forma Unitary Lump Sum Procure Build Contract, and each of the above identified variations are outlined later in this Construction Contracts section of this Prospectus.

#### *Bifurcation of Contracts:*

Construction Contracts that include both work to be performed in The Kingdom and work to be performed outside of The Kingdom are 'split' into in-Kingdom and out-of-Kingdom contracts. A separate co-ordination deed addresses interface between the in-Kingdom and out-of-Kingdom contracts. The 'split' – or 'bifurcated' – in-Kingdom and out-of-Kingdom contract structure is often adopted in The Kingdom. The terms and conditions of the in-Kingdom and out-of-Kingdom contracts are, broadly speaking, the same except for where tailoring is required for the applicable work scope. Construction Contracts that do not include a material amount of work to be performed outside of The Kingdom are not 'split' – a single contract is used.

Under the co-ordination deed, the in-Kingdom and out-of-Kingdom Contractors are jointly and severally liable to Sadara for the performance of all of the obligations, warranties, duties and undertakings of the in-Kingdom and out-of-Kingdom Contractors under the in-Kingdom and out-of-Kingdom contracts and under the co-ordination deed. The co-ordination deed also incorporates a parent company guarantee under which an approved affiliate of the Contractors guarantees performance by both Contractors of the in-Kingdom contract, the out-of-Kingdom contract and the co-ordination deed.

The main difference between the in-Kingdom and out-of-Kingdom contracts is the scope of work to be performed by the Contractor. Design and procurement activities will be largely performed under the out-of-Kingdom contract, with construction (or construction management) activities performed under the in-Kingdom contract.

#### *Common Contract Clauses:*

Below is a summary of common construction contract clauses that have been developed for the Project's pro forma contracts, including a brief summary of any variances in such common clauses as between the LSTK, LSPB and EPCM Contracts.

### *Interface:*

It is envisaged that there will be in excess of 30 ‘main’ Construction Contracts for the Project. Accordingly, management of interface risk is an important aspect of the Project.

The Sponsors are experienced in executing multi billion Dollar construction projects involving complex interface risks, and will provide significant resources to manage interface risk, as supplemented and supported by the Project Management Consultant for the Project, who has prepared an interface management plan and database. Each chosen Contractor will be required to observe the interface management plan.

In addition to the above, the Contractor is required to co-operate with associated works contractors and coordinate the work with all associated works. The Contractor must allow associated works to be performed by associated works contractors, must not prevent, hinder or delay the associated works contractors and is responsible for co coordinating all works and services of the associated works contractors that are capable of adversely affecting or impacting upon the work in such a manner so as to ensure that such associated works are carried out and completed in a way that does not delay or disrupt the progress of the work.

Associated works contractors include any third party contractor, vendor, consultant or service provider, engaged by or on behalf of Sadara (or any affiliate) and / or a public sector entity, to carry out associated works, including any subcontractors and vendors (of any tier) of the same, and associated works means any activities, works and / or services related to the Sadara Complex and / or the program of works (but excludes the work and the work of the in-Kingdom Contractor).

### *Security:*

Sadara may require the Contractor to provide a guarantee from its parent company.

For the LSTK and LSPB Contracts, the Contractor is to provide an on demand Performance Bond from a first class international bank approved by Sadara in an amount equal to 10% of the contract price, which will reduce to an amount equal to 5% of the contract price on the date of Mechanical Completion of the facilities.

Sadara is entitled to a 10% cash retention:

- (a) for LSTK / LSPB Contracts, being 10% of all amounts certified by Sadara as payable to the Contractor under the relevant contract. Sadara is to pay the retained amount to the Contractor following the date of provisional acceptance of the relevant facility (provisional acceptance being where the entire relevant facility has been completed and successfully tested); and
- (b) for EPCM Contracts, over the course of each year (and released each year); however, no retention is applied in respect of payments for allowable costs to the Contractor (including in relation to amounts payable by the EPCM Contractor to its subcontractors or vendors).

### *Permits:*

Sadara is to obtain all permits that must be obtained in Sadara’s name for the works. The Contractor is required to obtain all other permits for the works.

### *Subcontracting:*

The contracts place stringent requirements on the ability of the Contractor to subcontract.

Under the LSTK and LSPB Contracts, Sadara may require the Contractor to contract with certain contractors and vendors to which Sadara has negotiated favorable terms under “**Programme Leverage Agreements**” – being framework agreements under which Contractors can place orders for equipment and materials (the **Programme**). The aims of the Programme Leverage Agreement regime include achieving cost and maintenance efficiencies for Sadara, by leveraging equipment and material supply across the entire Programme. The Contractor is responsible for the performance of all such contractors and vendors.

Under the LSTK and EPCM Contracts, the Contractor may also be required to accept a novation of various agreements from Sadara in respect of the supply of materials, equipment, labor, work or services, in respect of which Sadara has entered such agreements for “long lead items” in order to enhance schedule. Upon such novation, the Contractor becomes responsible for all such materials, equipment, labor, work or services.

*Intellectual Property:*

All designs, drawings and other materials:

- (a) provided to the Contractor by or on behalf of Sadara; and
- (b) produced or developed by or on behalf of the Contractor (including intellectual property rights) under or in connection with the contracts (**Company IP Documents**),

shall be the property of Sadara.

In respect of any designs, drawings and other materials that are used or furnished by or on behalf of the Contractor under or in connection with the Contracts but excluding Company IP Documents, the Contractor shall grant to Sadara (or procure, if such designs, drawings and other materials are not proprietary to it or a member of its corporate group) a non-exclusive, perpetual, transferable, sub-licensable, unconditional and irrevocable, royalty-free license to use and copy such designs, drawings and other materials for the Project, without creating any obligations on Sadara with respect to any third party.

*Contractor Indemnities:*

The Contractor gives indemnities in favor of Sadara in relation to claims for (amongst others):

- (a) damage to any equipment of the Contractor;
- (b) third party bodily injury and property damage;
- (c) bodily injury and property damage to the Contractor group;
- (d) Contractor's fraud, willful misconduct or gross negligence;
- (e) failure to comply with Applicable Laws or permits;
- (f) Encumbrances filed against the facilities or any property of company group (excluding, for EPCM Contracts, Encumbrances filed by vendors or relevant subcontractors);
- (g) failure to observe and fulfill the terms and conditions of insurance policies or vitiating the same;
- (h) pollution or contamination (LSTK / LSPB Contracts only); and
- (i) infringement of intellectual property rights.

The Contractor is also required to enter into a deed of indemnity for the benefit of other Programme contractors, which is aimed at deterring the Contractor from pursuing other Programme contractors in respect of loss or damage to the Contractor's property and bodily injury to the Contractor's personnel. Other Programme contractors will be required to reciprocate by entering into their own deed of indemnity. This Programme-wide indemnity arrangement is aimed at reducing claims between contractors.

*Sadara Indemnity:*

Sadara indemnifies Contractor group against any and all claims in relation to or in connection with bodily injury and / or death of any member of Sadara in connection with the Programme.

*Insurances:*

The Contractor is responsible for effecting and maintaining marine/inland transit and air cargo, worker's compensation, employer's liability and automobile insurances.

Sadara is responsible for effecting and maintaining construction/erection all risk and Third Party Liability Insurances.

*Aggregate Liability of the Contractor and Exclusion of Indirect, Consequential and Economic Loss:*

Under the LSTK / LSPB Contracts there is no overall aggregate liability cap provision in the relevant contract.

Under the EPCM Contracts, the aggregate liability to Sadara in relation to or in connection with the EPCM Contract shall not exceed 10% of the contract price (excluding from the contract price for this purpose, amounts paid to Contractor for vendors), subject to various exceptions including in respect of any costs or expenses that the EPCM Contractor is obliged to incur in rectifying defects attributable to it, and in respect of fraud or willful misconduct on the part of the EPCM Contractor.



In general neither party is to be liable to the other for indirect, consequential or economic type loss (e.g., loss of production, loss of revenue, loss of profit etc.). There are typical exceptions to this general rule.

#### *Change in Law:*

The contracts do not include a change in law provision.

However, the Contractor may be entitled to relief in the event Sadara requires the Contractor to comply with changes to the standards, specifications, manuals, procedures, codes and instructions specified in the relevant contract which come into effect after the date of signing of the contract.

#### *Force Majeure:*

Neither party is bound to fulfill its obligations under the contracts to the extent prevented or delayed by an event or circumstance of force majeure (but only for so long as such event or circumstance subsists).

The contracts provide an exhaustive list of those events and circumstances (e.g., war, hostilities, civil commotion, riot, insurrection, sabotage, acts of vandalism, earthquake, tsunami, tidal waves, landslides, lightning strikes) that constitute force majeure and specifies events and circumstances that do not constitute force majeure (e.g., events or circumstances caused by any act or omission of the party claiming force majeure, economic hardship of the Contractor or the Contractor's inability to pay debts).

#### *Suspension:*

Sadara may at any time, with or without cause, suspend performance of the work or any part thereof by giving notice to the Contractor.

The Contractor can suspend work if Sadara has failed to pay the Contractor any non-disputed sum exceeding USD10 million (USD1 million in the case of the Pro Forma Unitary Non-Process Plant/Temporary Facilities Lump-Sum Turnkey Contract) which has remained due and payable under the relevant contract for a period greater than, or equal to, 90 days, subject to a 14 day cure period for the benefit of Sadara.

#### *Termination:*

Sadara has the benefit of a termination for cause regime (with numerous termination grounds) and also has the right to terminate the relevant contract for convenience.

The Contractor can terminate the relevant contract if Sadara has failed to pay the Contractor any non-disputed sum exceeding USD10 million (USD1 million in the case of the Pro Forma Unitary Non-Process Plant/Temporary Facilities Lump-Sum Turnkey Contract) which has remained due and payable under the Contract for a period greater than, or equal to, 90 days, subject to a 74 day cure period for the benefit of Sadara.

If the execution of substantially all the works in progress is prevented for a continuous period of 180 days by reason of an event or circumstance of force majeure, then either Party can terminate the relevant contract.

#### *Financing Arrangements:*

General project financing provisions have been incorporated in the contracts, including obligations on the Contractor to provide all legal opinions, documents and certifications required for Sadara's financing, to comply with all reasonable requests of the lenders, and to enter into a direct agreement with the lenders on terms consistent those used in other project financed projects in the Middle East.

Additionally, specific ECA financing provisions have been incorporated in the contracts, including obligations to comply with all requirements of Sadara's ECA financing.

#### *Assignment and Novation:*

The Contractor may not assign, charge or novate the relevant contract, either in whole or in part, without prior written approval of Sadara.

Sadara has rights to assign, novate and encumber the relevant contract, including to the lenders.

*Dispute Resolution:*

The procedure to be followed in respect of any Dispute is: referral of the Dispute to the senior executives of the parties; then optional mediation; and then arbitration (ICC arbitration in London).

*Governing Law:*

The contracts are governed by English law.

**Pro Forma Bifurcated Lump-Sum Turnkey Contract***Scope of Work:*

Together the Contractors will engineer, procure and construct the relevant facilities, and will provide all personnel, labor, supervision, equipment, materials and other activities required to do so (except where expressly to be provided by Sadara).

The Contractor is responsible for the design and engineering of the relevant facilities, including in respect of any design and engineering prepared by or on behalf of Sadara which is included as part of the relevant contract.

It is anticipated that the Contractors will not be responsible for defects in proprietary process design/technology. The Contractors must, however, not cause or contribute to breach of the License Agreements and must ensure that the relevant facilities, once constructed, comply with all applicable requirements of the licensors.

*Contract Price:**Fixed-Price Lump-Sum*

The contract price is a fixed-price lump-sum, which is not subject to adjustment except as provided in the relevant contract.

The Pro Forma Bifurcated Lump-Sum Turnkey Contract does not envisage any provisional sums, i.e., non-binding estimated sums, but some work packages may include provisional sums.

*Additional Payment Grounds*

As is typically the case with all fixed-price lump-sum contracts, there are instances where additional amounts (i.e., in addition to the fixed-price lump-sum amount) may become payable to the Contractor. The more important additional payment grounds are:

- (a) changes (to the work scope, and that are directed by Sadara);
- (b) where the Contractor incurs additional cost due to unforeseen construction-site conditions that are discovered within 90 days from the date the relevant contract is signed;
- (c) where the Contractor incurs additional cost due to Sadara taking early access to the relevant facilities, or any part thereof;
- (d) where a conflict is discovered between or within the project design basis and / or the programme standards (Sadara and its consultants, rather than the Contractor, are preparing these documents) within 90 days from the date the relevant contract is signed, then the Contractor has the potential to recover additional costs incurred in resolving the conflict where Sadara issues a change order in respect thereto;
- (e) if the relevant facilities are damaged then the Contractor may be entitled to additional payment to rectify the damage;
- (f) where the Contractor's materials are lost or damaged in The Kingdom, Kuwait, Bahrain, Qatar, United Arab Emirates, Oman, Yemen, Iran, Jordan or Egypt and such loss or damage is caused by defined circumstances (e.g., war, invasion, acts of foreign enemies), to the extent the relevant costs are not recoverable under any relevant insurance policies;
- (g) payment for standby time where equipment of a Contractor or Contractor personnel are committed exclusively to the work and are ready for immediate performance of the work but

- cannot perform the work due to circumstances exclusively within the control of Sadara;
- (h) suspension by Sadara (except where the suspension is the result of an act or omission of the Contractor or any subcontractor);
- (i) suspension by the Contractor following non-payment by Sadara of a non-disputed sum;
- (j) termination by Sadara for convenience;
- (k) termination by the Contractor for cause;
- (l) where the Contractor provides commissioning, start-up and performance test-run assistance (note that this is an additional payment ground because it is not known to what extent the Contractor will be requested to provide such assistance – it is possible that the Sponsors may have sufficient expertise and personnel to complete the vast majority of these activities);
- (m) where the Contractor incurs a narrowly defined list of incidental costs, e.g., where Sadara requires the use of office equipment for administrative purposes in excess of what the Contractor is required to provide under the Contract;
- (n) if customs duties are levied in The Kingdom on materials and equipment imported into The Kingdom for incorporation into the relevant facilities, subject to the Contractor having complied with all relevant obligations in relation to Sadara's customs duties exemption (note that Sadara intends to obtain a customs duties exemption in this regard so as to avoid having to reimburse the Contractor for such customs duties); and
- (o) if customs duties are levied in The Kingdom on equipment temporarily imported into The Kingdom for construction of the facilities and the Contractor is not refunded such customs duties when the equipment is exported outside of The Kingdom, subject to the Contractor having complied with all relevant requirements.

All additional grounds for payment are subject to, and conditional upon, the Contractor notifying Sadara promptly of the item or event giving rise to the Contractor's claim for additional payment.

#### *Milestone/Progress Payments*

Payment of the contract price will be by way of milestone payments and / or progress payments, as set out in each contract.

The contract includes a maximum payment curve regime where the cumulative net amount of requests for payment by the Contractor under the relevant contract may not at any time exceed an agreed maximum payment curve (with such curve to be adjusted to reflect changes and other permitted adjustments to the contract price). The maximum payment curve does not affect the contract price, but instead it may influence the timing of when payments of the contract price are made to the Contractor during performance of the works.

#### *Schedule:*

##### *Completion Guarantee*

The Contractor guarantees that:

- (a) it shall complete the critical design milestones on or by the applicable critical design milestone date (critical design milestones relate to the whole scope of work (e.g., procurement of materials and equipment, not just design milestones));
- (b) the critical construction milestones (which are to be performed under the in-Kingdom contract) shall not fail to be completed on or by the applicable critical construction milestone date for reasons attributable to the Contractor, any subcontractor and / or any vendor; and
- (c) Mechanical Completion of the systems and the relevant facilities (which is to be achieved under the in-Kingdom contract) shall not fail to be achieved on or by the applicable Scheduled Project Completion Date for reasons attributable to the Contractor, any subcontractor and / or any vendor.

The Contractor under the in-Kingdom contract guarantees the timely completion of the critical construction milestones and Mechanical Completion of the systems and the relevant facilities, and also provides a guarantee similar to (b) above in respect of the critical design milestones.

*Extension of Time Grounds*

An extension of time regime (excluding in respect of changes which have a separate extension of time procedure) is included in the relevant contract.

The **Relevant Events** entitling the Contractor to claim an extension of time include, amongst others:

- (a) acts of prevention by Sadara;
- (b) breach by Sadara e.g., if Sadara fails to supply any Company Supplied Materials by the time required by Sadara under the contract (it is anticipated that any such materials will be identified at the time the relevant contract is signed);
- (c) force majeure;
- (d) suspension by Sadara (except where the suspension is the result of an act or omission of the Contractor or any subcontractor);
- (e) suspension by the Contractor following non-payment by Sadara of a non-disputed sum;
- (f) where the Contractor suffers delay due to unforeseen construction-site conditions that are discovered within 90 days from the date the relevant contract is signed; and
- (g) where the Contractor suffers delay due to Sadara taking early access to the relevant facilities, or any part thereof.

The critical path must be affected in order for the Contractor to be entitled to an extension of time for a Relevant Event. The term critical path is not defined in the Contract as it is acknowledged as an industry term (**critical path** is loosely described as the longest sequence of activities in a project schedule which must be completed on time for the project to be completed by the relevant date for completion. If an activity on the critical path is delayed by one day, then entire project will be delayed by one day).

The Contractor must give timely notice of the Relevant Events entitling the Contractor to an extension of time, otherwise the Contractor may lose its entitlement (i.e., the claim may be ‘time-barred’).

*Remedies for Delay:*

There is no delay/liquidated damages regime under either the out-of-Kingdom or in-Kingdom contract (i.e., no delay liquidated damages apply if a Contractor does not attain completion on or by a certain date). However, if a Contractor is in delay:

- (a) the Contractor is obliged to expedite the work at its cost;
- (b) Sadara may direct the Contractor to accelerate the work, at the Contractor’s cost;
- (c) Sadara may require the Contractor to implement a corrective action plan (i.e., a plan which states the corrective action the Contractor will take to rectify the delay);
- (d) Sadara may, at the Contractor’s cost, hire additional personnel, labor and / or equipment to augment the Contractor’s workforce; and
- (e) Sadara may be able to terminate the out-of-Kingdom and / or in-Kingdom contracts.

The Sponsors prefer such ‘intervention’ remedies over a delay liquidated damages regime as, in their experience, delay liquidated damages do not adequately compensate the owner in ‘mega projects’ and do not adequately incentivize timely performance by contractors.

It is worth noting that the 10% cash retention to which Sadara is entitled (as discussed in the section of this Prospectus entitled “*Summary of the Principal Project Documents – Construction Contracts – Common Contract Clauses*”) should also incentivize the Contractor to promptly complete the work.

*Contractor Warranties:*

The Contractor represents and warrants that:

- (a) it shall carry out the work in accordance with the requirements of the Contract, Good Engineering Practice and to the highest standards of workmanship known for similar kinds of work in the petrochemical industry;
- (b) the work and the relevant facilities shall be free from defects and shall be fit for the purposes

- intended (although, as mentioned above, it is currently envisaged that the Contractor will not be responsible for defects in proprietary process design/technology);
- (c) the relevant facilities shall meet the performance specifications for such facilities; and
  - (d) Contractor materials for the relevant facilities shall be new, unused and of satisfactory quality, of sound design, specification, materials and workmanship, and fit for the purposes intended.

#### *Testing and Performance Guarantees:*

The intention is that a testing and performance guarantee regime – in respect of the start-up phase will be developed for each Pro forma Bifurcated Lump-Sum Turnkey Contract.

#### *Staged Take-Over of the Facilities:*

The relevant facilities are to be taken over by Sadara on a system-by-system basis.

This is aimed at reducing the overall schedule for the Project and bringing the relevant facilities into commercial operation sooner.

#### *Warranty Period:*

The warranty period for each system commences upon the date of Mechanical Completion of the system and ends 18 months after the date of final Mechanical Completion of the whole of the facilities (being the date of the last system to achieve Mechanical Completion).

If the Contractor performs any remedial work during the warranty period, such remedial work is itself warranted during the warranty period or for 18 months following the completion of the remedial work, whichever period expires later, *provided that* in no event shall the warranty period extend beyond 24 months from the date of final Mechanical Completion of the whole of the facilities.

As mentioned above, it is currently envisaged that the Contractor will not be responsible for defects in proprietary process design/technology.

#### *Material differences between various forms of the Pro Forma Bifurcated Lump-Sum Turnkey Contract:*

##### *Pro Forma Unitary Non-Process Plant/Early Works Lump-Sum Turnkey Contract*

Because the work scope under the Pro Forma Unitary Non-Process Plant/Early Works Lump-Sum Turnkey Contract is significantly less complex than the work scope under the Pro Forma Bifurcated Lump-Sum Turnkey Contract i.e., early works as compared to process plant, various concepts in the Pro Forma Bifurcated Lump-Sum Turnkey Contract are irrelevant and / or inappropriate for the Pro Forma Unitary Non-Process Plant/Early Works Lump-Sum Turnkey Contract and have not been included. Such concepts include: mechanical completion, commissioning, start up, performance test-runs and performance guarantees.

##### *Pro Forma Unitary Non-Process Plant / Temporary Facilities Lump-Sum Turnkey Contract*

The Pro Forma Unitary Non-Process Plant / Temporary Facilities Lump-Sum Turnkey Contract is not ‘split’ into in-Kingdom and out-of-Kingdom contracts – rather, it is a single in-Kingdom contract.

Because the work scope under the Pro Forma Unitary Non-Process Plant / Temporary Facilities Lump-Sum Turnkey Contract is significantly less complex than the work scope under the Pro Forma Bifurcated Lump-Sum Turnkey Contract i.e., temporary facilities as compared to process plant, a number of concepts in the Pro Forma Bifurcated Lump-Sum Turnkey Contract were irrelevant and / or inappropriate for the Pro Forma Unitary Non-Process Plant / Temporary Facilities Lump-Sum Turnkey Contract and have not been included. Such concepts include: mechanical completion, commissioning, start-up, performance test-runs, performance guarantees, relief for unforeseen subsurface conditions (the 90 day relief mentioned above), novation of purchase orders to the Contractor, ECA provisions, and marine/inland transit and air cargo insurance requirements. The Contractor suspension and termination thresholds for non-payment by Sadara have been reduced from USD10 million to USD1 million (as USD1 million may be a significant quantum in the context of the Pro Forma Unitary Non-Process Plant / Temporary Facilities Lump-Sum Turnkey Contract). There is also no maximum payment curve concept in the Pro Forma Unitary Non-Process Plant / Temporary Facilities Lump-Sum Turnkey Contract.

An additional concept of services – which the Contractor may be required to provide during a five year extendable term – has been introduced in the Pro Forma Unitary Non-Process Plant / Temporary Facilities Lump-Sum Turnkey Contract. Such services may include operation and maintenance of the temporary camp for personnel of Sadara and its consultants. The Contractor is paid on a time or work unit rates basis for performance of the services. The bond amount under the Performance Bond upon completion of the facilities is to be 10% of the services portion of the contract price.

Upon final acceptance (being where, amongst other things, all warranty periods have expired, the term has expired, and all services have been carried out and completed), or earlier if required in writing by Sadara, title to the facilities shall vest in the Contractor. Upon any such vesting, the Contractor shall, as soon as possible, dismantle and remove the facilities from the construction-site and restore the construction-site to its original condition. Notwithstanding the foregoing, Sadara may choose to retain title to various parts of the facilities for a pre-agreed price.

### **Pro Forma Bifurcated Engineering, Procurement and Construction Management Contract**

#### ***Scope of Work:***

As mentioned above, broadly, under the EPCM Contract, the EPCM Contractor is responsible for:

- (a) preparing the detailed design and engineering for the Facilities;
- (b) upon direction by Sadara, procuring the major equipment and materials for the facilities by placing purchase orders with vendors that have been approved by Sadara; and
- (c) assisting with the management of the construction phase in respect of the facilities.

Thus, the EPCM Contract is a services contract as opposed to the other pro forma Construction Contracts which include construction work.

#### ***Work Element Release:***

The EPCM Contract is a call-off contract: Sadara issues a WER and the EPCM Contractor performs WER Work.

As well as documenting the scope of work, each WER is to document matters such as a cost budget and schedule for performance of the WER Work.

The arrangement with the EPCM Contractor is non-exclusive, in the sense that Sadara can use any other contractor to perform the applicable work. This approach should incentivize due performance by the EPCM Contractor.

#### ***Contract Price:***

The EPCM Contractor is paid, broadly, on a 'cost plus' basis. In particular, the EPCM Contractor is paid allowable costs plus fee, the fee being based on the number of man hours worked (note that exclusions to allowable costs and fee apply e.g., the EPCM Contractor cannot claim allowable costs or fee in respect of resources used/supplied in excess of that required for the work or that are not approved by Sadara).

However, each WER is to include a WER Budget, and the EPCM Contractor is to perform the WER Work in accordance with the WER Budget. The EPCM Contractor is required to obtain a revised WER from Sadara prior to incurring allowable costs in excess of the WER Budget (which essentially equates to Sadara having to approve such excess amounts).

Where the inability to complete the WER Work within the WER Budget relates to:

- (a) a cause or causes within the control of the EPCM Contractor; or
- (b) any delay for which the EPCM Contractor is not entitled to an extension of time under the EPCM Contract,

then the EPCM Contractor's fee with respect to man-hours in excess of those contained in the WER Budget is reduced to zero.



*The intention in the contract is to keep the EPCM Contractor cash neutral in respect of payments it needs to make to vendors and subcontractors – as Sadara requires the EPCM Contractor to contract with the vendors and most subcontractors, as opposed to the EPCM Contractor choosing to do so (refer to the paragraph on Procurement below). Accordingly, the EPCM Contractor is entitled to, on a monthly basis, claim for amounts it will be obliged to pay vendors and subcontractors over the following month under the applicable purchase orders and subcontracts – i.e., make a look forward claim. A reconciliation of such claimed amounts against the actual amounts paid to the vendors and subcontractors is made at the time of the next monthly look forward claim.*

#### **Schedule:**

The EPCM Contractor is to complete the applicable work by the associated critical milestone date or Scheduled WER Completion Date.

An extension of time regime is included in the EPCM Contract. The “Relevant Events” entitling the EPCM Contractor to an extension of time include, amongst others:

- (a) act of prevention by Sadara;
- (b) breach by Sadara;
- (c) force majeure;
- (d) suspension by Sadara (except where the suspension is the result of an act or omission of the EPCM Contractor);
- (e) suspension by the EPCM Contractor following non-payment by Sadara of a non-disputed sum; and
- (f) where a WER is for or relates to administration of the LSPB Contract by the EPCM Contractor, any act or omission by the LSPB Contractor or Sadara under the LSPB Contract that directly delays completion of a critical milestone or WER completion.

The critical path must be affected in order for the EPCM Contractor to be entitled to an extension of time for a Relevant Event.

The EPCM Contractor must give timely notice of the Relevant Events entitling the EPCM Contractor to an extension of time, otherwise the EPCM Contractor may lose its entitlement (i.e., the claim may be ‘time-barred’).

As with the Pro Forma Bifurcated Lump-Sum Turnkey Contract there is no delay/liquidated damages regime in the EPCM Contract.

#### **Term:**

The term is five years, but may be extended by Sadara for up to two one-year periods.

#### **Design:**

The EPCM Contractor is to ensure that its design and engineering is developed in accordance with the performance specifications of the relevant facilities, the project design basis and the programme standards and that all such design and engineering complies with the applicable requirements of the licensors.

#### **Procurement:**

The EPCM Contractor will, as directed by Sadara, enter into purchase orders with vendors and / or take novations from Sadara of purchase orders with vendors. The intention is for the EPCM Contractor, instead of Sadara, to manage the procurement process for major equipment and materials for the applicable facility.

Sadara effectively dictates the terms and conditions of the purchase orders. It is intended that the purchase orders can be assigned or novated to Sadara at any time – which would enable Sadara to obtain direct contractual rights against vendors – and that they will include appropriate project financing and ECA provisions.

Sadara may also require the EPCM Contractor to contract with certain contractors and vendors to which Sadara has negotiated favorable terms under “Programme Leverage Agreements” – being framework agreements under which all Contractors/EPCM Contractors can place orders for equipment and materials. The aims of

the Programme regime include to achieve cost and maintenance efficiencies for Sadara (the latter arising from using the same equipment and materials to be used across the entire Programme). Such contractors and vendors are known as designated subcontractors.

The EPCM Contractor is required to use all reasonable endeavors to ensure that the vendors comply with the terms and conditions of their purchase order, but is not, as a general rule, responsible to Sadara for acts and omissions of the vendors nor for equipment or materials supplied by vendors. Also, the EPCM Contractor is not, as a general rule, responsible to Sadara for acts and omissions of designated subcontractors, nor for equipment or materials supplied by designated subcontractors. The principle is that the EPCM Contractor should not, as a general rule, be responsible for acts or omissions of parties that Sadara requires the EPCM Contractor to use.

#### *EPCM Contractor Warranties:*

The EPCM Contractor represents and warrants that:

- (a) it has and shall carry out the work in accordance with the requirements of the EPCM Contract, Good Engineering Practice and to the highest standards of workmanship known for similar kinds of work in the petrochemical industry; and
- (b) its work shall be free from defects and shall be fit for the purposes intended as set out in or which can be reasonably inferred from the EPCM Contract.

#### *Warranty Period:*

The EPCM Contractor is responsible for rectifying defects attributable to it. The warranty period expires 18 months after Mechanical Completion of the facilities, *provided that* the warranty period for remedial work ends on the earlier of:

- (a) 18 months from the date the remedial work is completed to Sadara's satisfaction; and
- (b) 30 months from the Mechanical Completion of the facilities.

No fee shall be payable for the remedial work. If, however, the EPCM Contractor's direct costs incurred in performing remedial work exceed the cumulative amount of the fee paid or payable under the EPCM Contract as at the date the remedial work is completed to the reasonable satisfaction of Sadara, then all such direct costs in excess of such fee amount shall be paid to the EPCM Contractor.

#### *Title:*

When title to any equipment or materials passes to the EPCM Contractor under any purchase order, such title shall vest immediately in Sadara.

#### *Pro Forma Unitary Lump-Sum Procure Build Contract*

The Pro Forma Unitary Lump-Sum Procure Build Contract has been developed from the Pro Forma Bifurcated Lump-Sum Turnkey Contract. It is perhaps best described as a 'construct only' contract.

This section focuses on material differences between the Pro Forma Unitary Lump-Sum Procure Build Contract and the Pro Forma Bifurcated Lump-Sum Turnkey Contract, and the section above on the Pro Forma Bifurcated Lump-Sum Turnkey Contract should otherwise be taken into account in respect of the Pro Forma Unitary Lump-Sum Procure Build Contract.

#### *Scope of Work:*

As mentioned above, broadly, under the Pro Forma Unitary Lump-Sum Procure Build Contract or LSPB Contract, the LSPB Contractor is responsible for:

- (a) implementing the detailed design and engineering for the facilities as prepared by the EPCM Contractor;
- (b) procuring raw materials for the facilities e.g., concrete (the EPCM Contractor will procure the great majority of materials for the facilities); and
- (c) constructing the facilities including taking delivery of and installing the major equipment and materials procured by the EPCM Contractor.

In respect of the design and engineering for the facilities, Sadara is required to issue Sadara approved IFC drawings to the LSPB Contractor in accordance with a timetable to be recorded in the LSPB Contract (such drawings will be prepared by the EPCM Contractor). The LSPB Contractor is required to co-operate and co-ordinate with the EPCM Contractor and vet and satisfy itself as to the constructability of the design and engineering provided by the EPCM Contractor.

In respect of the equipment and materials for the facilities that are to be procured by the EPCM Contractor, these are to be 'free-issued' by Sadara to the LSPB Contractor under the LSPB Contract.

#### *Risk Allocation:*

As a general rule, the LSPB Contractor does not take responsibility for the design and engineering of the facilities, and nor does it take responsibility for equipment and materials procured by the EPCM Contractor, so does not 'wrap' the risk associated with those items. Sadara will instead rely on its rights under the EPCM Contract in respect of the design and engineering and any rights it may have under the purchase orders in respect of such equipment and materials.

#### *Material differences from the Pro Forma Bifurcated Lump-Sum Turnkey Contract:*

Given the above work scope and risk allocation, various concepts in the Pro Forma Bifurcated Lump-Sum Turnkey Contract are irrelevant and / or inappropriate or have otherwise been modified for the LSPB Contract. Major differences include:

- (a) the Pro Forma Unitary Lump-Sum Procure Build Contract is not 'split' into in-Kingdom and out-of-Kingdom contracts – rather, it is a single in-Kingdom contract;
- (b) there is no novation of agreements to the LSPB Contractor;
- (c) the LSPB Contractor does not warrant that the facilities will meet the performance specifications for the relevant facilities (although the LSPB Contractor does warrant that work will be free from defects);
- (d) there is no performance testing and performance guarantee regime;
- (e) there is no additional payment ground for conflicts between or within the project design basis and / or the programme standards;
- (f) if the LSPB Contractor is directed by Sadara to send personnel of the LSPB Contractor to the offices where the detailed engineering is being prepared in order to provide constructability and other input, the LSPB Contractor may be entitled to additional payment for the same;
- (g) there is no indemnity from the LSPB Contractor in respect of infringement of intellectual property rights in respect of design and engineering provided by the EPCM Contractor and equipment and materials procured by the EPCM Contractor; and
- (h) the ECA provisions have been cut-back given that the LSPB Contractor is not contracting with vendors that are supplying the 'free-issue' equipment and materials.

#### *Pro Forma Unitary Modified Lump-Sum Procure Build Contract*

The only significant difference between the Pro Forma Unitary Modified Lump-Sum Procure Build Contract and the Pro Forma Unitary Lump-Sum Procure Build Contract is in respect of the contract price and related price determination provisions. Accordingly, this section focuses on the contract price provisions, and the section above on the Pro Forma Unitary Lump-Sum Procure Build Contract should be taken into account in respect of the Pro Forma Unitary Modified Lump-Sum Procure Build Contract.

#### *Contract Price:*

At the date of signing the Pro Forma Unitary Modified Lump-Sum Procure Build Contract, the contract price is based on estimated quantities: the contract price is derived by multiplying those estimated quantities by pre-agreed work unit rates.

Once the quantities from all Sadara approved IFC drawings are known – it is anticipated that these quantities should be known within 12 months from the date of signing the relevant contract – then the contract price will be recalculated by multiplying the IFC quantities (which may differ from actual quantities used, and which are determined by a quantity 'take off' from the drawings, rather than quantities used) by the said pre-agreed work unit rates.

Thus, if the IFC quantities are greater than the estimated quantities, then the contract price will increase, and if the IFC quantities are less than the estimated quantities, then the contract price will decrease.

Further, if:

- (a) the recalculated contract price is more than 110% or less than 90% of the original contract price; and
- (b) the IFC quantity of an item is more than 110% of the original quantity for such item; or
- (c) the IFC quantity of an item is less than 90% of the original quantity for such item,

then the parties are required to agree upon an adjustment to the work unit rates for those items – given that the assumptions upon which the original work unit rates were based on have not held true by some margin – and such revised work unit rates are to be applied to the applicable excess quantities and the applicable revised quantities under the relevant construction contract which could result in a further adjustment to the contract price.

If there is any dispute between the parties in connection with any IFC quantity or any adjustment to a work unit rate, then Sadara's determination applies unless and until agreed or determined otherwise under the dispute resolution provisions.

## POWER SUPPLY IMPLEMENTATION AGREEMENT

### *Parties:*

ProjectCo and SEC (together, the **Parties** and each, a **Party**).

### *Purpose:*

SEC undertakes to provide ProjectCo with its power requirements at the Sadara Complex (the **Project Facilities**), up to its contractual load maximums starting from 1 October 2013. In order to achieve this, each Party is required to construct certain designated substations and transmission facilities as described further below.

### *Term:*

No fixed term, but the PSIA will be superseded by the BPSEA once the BPSEA is entered into at energisation (see below).

### *ProjectCo Substation:*

ProjectCo is required to construct, at its own cost, a substation downstream of the Interface Point (the **ProjectCo Substation**), together with all necessary transmission lines and power distribution facilities downstream of the Interface Point.

### *SEC Power Transmission Facilities:*

SEC is required to design, procure, construct, commission, operate and maintain the Power Transmission Facilities for the Project Facilities, which consist of but are not limited to a SEC substation (the **SEC Substation**), the necessary protection, Supervisory Control and Data Acquisition system of SEC, control and communication equipment at the Jubail and Jubail Community substations and the associated double circuit overhead transmission line (together, the **Power Transmission Facilities**).

ProjectCo has already approved SEC's award of the EPC contract for the Power Transmission Facilities and construction work has commenced (subject to ProjectCo's cancellation and suspension rights – see below).

SEC is required to provide ProjectCo with monthly progress reports with respect to the Power Transmission Facilities and the SEC Reinforcement Works and shall, if ProjectCo requests, conduct joint site visits to see and discuss such progress and accommodate any reasonable requests of ProjectCo, including in relation to the co-ordination of SEC's works with the other works being carried out by ProjectCo and ProjectCo's contractors.

### *SEC Reinforcement Works:*

SEC is required to carry out certain reinforcement/reconfiguration works to the SEC system (the **SEC Reinforcement Works**) to help feed ProjectCo's required load.

### *Interface Point:*

The Interface Point between the Power Transmission Facilities and the Project Facilities (the **Interface Point**) shall be at the termination points of the transmission cables at the switchgear in the ProjectCo Substation.

ProjectCo shall own, operate, and maintain the transmission facilities downstream of the Interface Point (save for the SEC Equipment); and SEC shall own, operate and maintain the SEC Substation and all other Power Transmission Facilities up to the Interface Point, as well as the SEC Equipment.

### *ProjectCo Demand:*

SEC is required to complete the Power Transmission Facilities, together with any other necessary works for the supply of power to the Project Facilities, such that a permanent supply of up to a stated maximum amount of power (**Maximum Power Commitment**) will be available to ProjectCo from 1 October 2013.

The supply of electricity to the Project Facilities is not subject to completion of the SEC Reinforcement Works and SEC shall, in any event, supply electricity to the Project Facilities in accordance with ProjectCo's contracted load requirements.

### *BPSEA Energisation Agreement:*

Prior to energisation of the Power Transmission Facilities, SEC agrees to enter into the BPSEA. The BPSEA shall amongst other things: (i) require ProjectCo to use only reasonable commercial efforts to reduce its load demand (and by not more than 20%) at peak hours (12 noon to four pm) during any emergency occurring between 1 June and 15 September of each year and ProjectCo shall not otherwise be required to reduce its load demand; (ii) otherwise be consistent with the form of BPSEA which SEC enters into, and has entered into, with other large industrial projects at Jubail; and (iii) not include any terms in respect of the Start Up Period more onerous than the arrangement set out below.

The charges for electricity supplied pursuant to the BPSEA shall be as per the prevailing rate under the directives of the Ministry of Water and Electricity, i.e. the regulated industrial tariff.

### *Start-Up Period Take-or-pay Requirement:*

From 1 January 2014 to 31 December 2015 (the **Start-Up Period**) a special regime (set out in the BPSEA) shall apply as follows:

- (a) ProjectCo shall pay the regulated industrial tariff on a monthly basis for each kWh of electricity consumed by ProjectCo; and
- (b) if ProjectCo's consumption of electricity (in mWh) is, in any quarter less than an agreed minimum, ProjectCo shall be required to pay SEC compensation based on the amount of the shortfall for that quarter (*provided that* any amounts requested by ProjectCo but not supplied by SEC in a quarter shall be deducted from the amount of any ProjectCo shortfall in the above calculation, but only to the extent that the amounts requested and not supplied in that quarter are less than the mWh equivalent of the scheduled demand level).

ProjectCo's anticipated power requirements from 1 October 2013 onwards are set out in a schedule to the PSIA. However, these anticipated requirements are illustrative only and are without prejudice to SEC's general obligation to make up to the Maximum Power Commitment available to ProjectCo from 1 October 2013.

### *Contract Payments:*

ProjectCo is required to pay SEC for the SEC Reinforcement Works in five installments, the first payment to be made within one month after execution of the PSIA and the last to be made one month prior to the energisation date.

A down payment (already paid to SEC by the Sponsors) shall be deducted from this payment.

ProjectCo shall reimburse SEC up to an agreed monetary cap for the actual EPC contract costs, other engineering and construction management costs, contingency costs and SEC's management fee in connection with the Power Transmission Facilities.

SEC shall invoice ProjectCo for such costs as they are incurred, with payment to be made within 30 calendar days of receipt by ProjectCo of such invoice(s) which shall contain copies of the corresponding contractor invoices. A projected cost breakdown is attached as a schedule to the PSIA.

After completion of the Power Transmission Facilities, SEC shall make a final close out determination of project costs and invoice full and final costs due, less all payments received by SEC under the PSIA.

Additionally, one month prior to energisation ProjectCo shall pay SEC for meter deposit charges.

#### *Liability and Force Majeure:*

ProjectCo and SEC shall each indemnify and hold the other party harmless from and against any and all claims, losses, expenses, or damage arising from or related to the injury to, or death of, any person, and the damage or loss of any property, including the Power Transmission Facilities, resulting from any and all of their own acts or omissions and those of their respective subcontractors or the personnel or agents of any of them to the extent that such claims, losses, expenses or damages are not covered under insurance policies or coverages or other forms of indemnification in effect on the effective date of the PSIA.

Neither Party shall be liable to the other for any consequential damages.

If either Party is rendered unable, wholly or in part, by force majeure to perform its obligations under the PSIA, the performance of such obligations by such Party, so far as they are affected by force majeure, shall be excused from the inception of any such inability until it is corrected.

#### *Cancellation and Suspension:*

Should ProjectCo request SEC to cancel or suspend the design and construction of the Power Transmission Facilities, ProjectCo shall be liable for (and its liability shall be limited to) the following:

- (a) in the case of cancellation, reimbursing SEC for any termination charges payable to SEC's EPC contractor under the EPC contract, and for SEC's costs arising from such cancellation, in each case to the extent these charges and costs are reasonable, auditable and incurred; and
- (b) in the case of suspension, reimbursing SEC for its reasonable, auditable and incurred costs arising from such delay, provided that SEC notifies ProjectCo on a monthly basis of the amount of such costs,

*provided that* if ProjectCo requests SEC to cancel SEC's design and construction of the Power Transmission Facilities following a material breach by SEC of the PSIA which has not been remedied within 30 days of notice from ProjectCo, ProjectCo shall not be liable for any such amounts.

## **CRUDE HP SUPPLY AGREEMENT**

#### *Parties:*

Sadara and HPCo.

HPCo is a limited liability company existing under the laws of The Kingdom and is a 50:50 joint venture between Sadara and Solvay Chemicals (together with Sadara, the **HP Shareholders**).

Solvay Chemicals is a wholly-owned affiliate of Solvay.

#### *Purpose:*

HPCo will supply all of Sadara's crude HP requirements for use in the production of PO at the Sadara Complex.

HPCo will also supply lower volumes of crude HP to Sadara or certain third parties for the purposes of water treatment, waste water treatment and odor control for the Sadara Complex.



*Term:*

The term of the Crude HP Supply Agreement commences on the date of execution by the parties and expires on the 30th anniversary of the date of simultaneous production at the HP Plant and the PO plant.

The term will automatically extend for a further five year period, and thereafter for additional five year renewal periods, unless Sadara gives prior written notice of termination to HPCo.

*HP Plant capacity:*

The nameplate capacity of the HP Plant will be 303,000 metric tonnes of crude HP per annum (100% basis) (the **Initial Crude HP Capacity**).

*HP Plant expansion:*

At any time during the term, Sadara may request HPCo to undertake one or more expansions of the HP Plant. Any additional amounts of crude HP capacity derived through such Sadara initiated expansion(s) are considered as expansion capacity.

*Supply and allocation of crude HP:*

HPCo's obligation to supply crude HP to Sadara commences on 11 June 2015 or such later date as Sadara may advise (the **Scheduled Start-Up Date HP Plant**) and continues throughout the term.

Sadara has first priority right to purchase the Initial Crude HP Capacity to fulfill its requirements.

Solvay has certain offtake rights which should not interfere with the needs of Sadara, and which if triggered, may have a favorable effect on the price of the crude HP supplied to Sadara.

*Nominations:*

Prior to the start of each month, Sadara will nominate its daily average crude HP requirements for the following three month period. Sadara's nomination for the first month of such three month period will constitute the firm nomination for crude HP for each day (the **Firm Nomination**) of that month.

HPCo is required to supply to Sadara the quantity of crude HP specified in each Firm Nomination up to a specified maximum daily quantity. HPCo must also make the maximum daily quantity available for nomination by Sadara on any day. Subject to certain conditions in the Crude HP Supply Agreement, Sadara may also make a Firm Nomination in excess of the maximum daily quantity.

If Sadara's actual requirements for crude HP fail to meet the agreed minimum obligation level for any calendar year during the term then a take-or-pay obligation will apply.

*Price:*

The price of crude HP payable by Sadara to HPCo is calculated to yield a fixed return during a first 14 year period of the term over the capital investment made by HPCo in the HP project.

For the remainder of the term, a different fixed return is payable by Sadara to HPCo by way of a fee for certain management services provided by HPCo.

*Crude HP specification:*

HPCo will warrant that crude HP delivered to Sadara will meet the specification set out in the Crude HP Supply Agreement (the **Crude HP Specification**). HPCo must notify Sadara if any crude HP that will be delivered does not meet one of the specifications of the Crude HP Specification (**Non-Conforming HP**) and HPCo must rectify such non-conformance as soon as reasonably practicable.

*Maintenance of the HP Plant:*

HPCo may only perform major maintenance at the HP Plant during a shut-down for maintenance at the PO plant, or at other times that will not affect the delivery of crude HP.

*Delivery of crude HP:*

A **Crude HP Shortfall** will arise if HPCo does not deliver the Firm Nomination in the quantity required, or delivers a quantity of Non-Conforming HP and, as a consequence, Sadara reduces the PO plant operating rate. The undelivered quantity of crude HP constitutes the **Shortfall Quantity**.

A **Shut-Down Event** will occur if there is an interruption in the supply of crude HP to Sadara, HPCo supplies a quantity of Non-Conforming HP or a Crude HP Shortfall occurs, which in each case causes Sadara to shut down the propylene feed to the PO plant.

If there is a Crude HP Shortfall or a Shut-Down Event, HPCo must use, and procure that the operator of the HP Plant (the **Operator**) uses, best efforts to remedy the cause promptly and the Crude HP Supply Agreement contains provisions requiring the implementation of remedial action. However, if HPCo or the Operator does not use its best efforts to remedy a Crude HP Shortfall or Shut-Down Event, Sadara will have the right, at HPCo's cost, to take such additional action as Sadara may deem reasonably necessary to remedy the Crude HP Shortfall or Shut-Down Event.

*Liquidated damages for Crude HP Shortfalls and Shut-Down Events:*

The Crude HP Supply Agreement contains liquidated damages provisions that will apply during the first 14 year period of the term if a Shut-Down Event or Crude HP Shortfall occurs and this is due to HPCo's or the Operator's fault. Liquidated damages are payable by HPCo to Sadara as a fixed amount for each Shut-Down Event and for each Crude HP Shortfall in an amount calculated by reference to the Shortfall Quantity as a proportion of the Firm Nomination.

The aggregate amount of liquidated damages payable by HPCo to Sadara in any year for all Crude HP Shortfalls and Shut-Down Events occurring in that year is capped at an agreed amount.

*Termination of the operating & maintenance agreement:*

A wholly-owned affiliate of Solvay will be appointed as the Operator pursuant to an operating and maintenance agreement.

If the amount of liquidated damages payable in any year exceeds certain limits defined in the Crude HP Supply Agreement, and if Sadara reasonably believes this is caused by an act or omission of the Operator, then Sadara will become entitled to require HPCo to remove the relevant Solvay affiliate as the Operator (with HPCo then becoming operator of the HP Plant).

HPCo will also give an undertaking in the Crude HP Supply Agreement that it will promptly enforce any rights it may have in relation to the Operator under the operating and maintenance agreement.

*Force majeure:*

The Crude HP Supply Agreement contains customary force majeure provisions. If a party is directly prevented or materially delayed from performing any of its obligations under the Crude HP Supply Agreement (other than an obligation to pay money) by reason of force majeure, its obligations under the Crude HP Supply Agreement will be suspended without liability for the period during which the performance of such obligations is prevented or delayed. The parties must use their best efforts to mitigate the effects of an event of force majeure on the performance of their obligations.

*Event of loss and reinstatement:*

From and after the start-up date HP Plant, if all or any portion of the HP Plant is damaged, destroyed or rendered unfit for normal operation to the extent that the production of crude HP is or is expected to be substantially prevented or reduced, there will be an **Event of Loss**.

If an Event of Loss occurs, HPCo will be required to repair and reinstate the HP Plant and must diligently pursue this work until it is completed within the time period reasonably required by Sadara. All insurance proceeds must be applied by HPCo towards repairing and reinstating the HP Plant.

If the HP Shareholders decide not to reinstate the HP Plant, Sadara will be entitled to terminate the Crude HP Supply Agreement.

*Events of default:*

An event of default will occur if a party commits a material breach of the Crude HP Supply Agreement. If the event of default is not remedied by the defaulting party within a cure period of 60 days, the non-defaulting party may suspend performance of its obligations under the Crude HP Supply Agreement. If the non-defaulting party takes such action, or if the material breach is not capable of remedy, then either party may submit the matter to negotiation between the parties. If the matter is not then resolved within 30 days, either party may refer the matter to the HP Shareholders for resolution. No earlier than 30 days after referral to the HP Shareholders, a party may refer the matter to arbitration for final resolution.

An event of default will also occur if a party becomes insolvent. There is no cure period for insolvency and the non-defaulting party will be entitled to terminate the Crude HP Supply Agreement.

*Closure of the PO Plant:*

If Sadara intends to close the PO plant, it must notify HPCo no later than 180 days prior to the date of permanent cessation of PO production at the PO plant (the **PO Plant Closure Date**). The Crude HP Supply Agreement will then terminate upon the PO Plant Closure Date.

If Sadara's decision is not due to a material breach of any HPCo joint venture project agreement by HPCo, then if the PO Plant Closure Date occurs prior to the end of the first 14 year period of the term, the Crude HP Supply Agreement will terminate upon the PO Plant Closure Date and Sadara will, for the shorter of two years from the PO Plant Closure Date and the period from the PO Plant Closure Date until the end of the first 14 year period of the term, pay to HPCo an amount calculated by reference to the crude HP price and the capacity of the HP Plant.

If the PO Plant Closure Date occurs after the end of the first 14 year period of the term, then the Crude HP Supply Agreement will terminate on the PO Plant Closure Date and Sadara will have no obligation to pay any amount to HPCo in connection with the termination.

*Liability:*

During the first 14 year period of the term, Sadara's right to request HPCo to replace Solvay as the Operator of the HP Plant and liquidated damages are the only remedies available to Sadara for the occurrence of any Crude HP Shortfall or Shut-Down Event.

Neither party will be liable under or in connection with the Crude HP Supply Agreement for any claim for special, indirect, incidental, consequential, punitive or exemplary loss or damages.

*Governing law:*

The Crude HP Supply Agreement is governed by the laws of The Kingdom.

All disputes between the parties are subject to an internal dispute resolution mechanism and thereafter will be resolved by arbitration under ICC Rules or by referral to an expert (as may be provided for in the Crude HP Supply Agreement).

The parties are required to act in good faith and continue to perform their respective obligations under the Crude HP Supply Agreement pending resolution of any disputes, including the continued operation of the HP Plant and production of crude HP.

## TOLLING AND PROCESSING AGREEMENT

Butanol will be utilized as feed for the production of BGE – monobutoxyglycol ether, dibutoxyglycol, and a heavy mixture of tri-butoxyglycol and tetra butoxyglycol ethers.

The Butanol Sponsors, together with ButanolCo, will enter into the Tolling and Processing Agreement which governs (*inter alia*) the Butanol Sponsors' obligations to supply propylene to the Butanol Plant to be converted into butanol products, and the corresponding rights of each Butanol Sponsor to off take the butanol products from the Butanol Plant.

*Term:*

The Tolling and Processing Agreement becomes effective on the date of its signature and expires the date on which the Butanol Sponsors' shareholders' agreement expires or terminates in accordance with its terms (the term of the Butanol Sponsors' shareholders' agreement is 60 years).

*Supply Obligations:*

Each Butanol Sponsor's right to receive butanol products from the Butanol Plant (and ButanolCo's obligation to supply butanol to each Butanol Sponsor) is reliant upon such Butanol Sponsor supplying a corresponding quantity of propylene to the Butanol Plant.

Propylene is supplied by each Butanol Sponsor by way of pipeline at identified propylene delivery points, with appropriate monitoring apparatus for quality and quantity.

Each month commencing in the month in which the Butanol Plant commences commercial operations) ButanolCo provides the Butanol Sponsors with a forecast of the quantity of propylene the Butanol Plant will have capacity to process for each day of the following three months. This is based on the daily processing capacity of the Butanol Plant (which may be adjusted if extra capacity temporarily develops due to force majeure affecting the Butanol Plant or Butanol Plant maintenance). Each Butanol Sponsor is obligated to supply, at its own expense, its share of such propylene quantity in proportion to its shareholding interest in ButanolCo.

Butanol Sponsors can offer spare capacity in their supply allocations to the other Butanol Sponsors during a limited period for exchanging notices whereby Butanol Sponsors elect to take up such spare capacity.

If on any day the amount of propylene supplied to the Butanol Plant is less than the required quantity of propylene, any Butanol Sponsor that fails to supply (as a minimum) its propylene supply obligation may be liable:

- (a) for increases in variable costs incurred at the Butanol Plant due to the reduction in propylene supplied; or
- (b) in the event of a Butanol Plant shutdown due to the reduction in propylene supplied (the Butanol Plant will be unable to operate at a rate below its "Turndown Rate", which rate is projected to equate to 60% of the Butanol Plant's capacity to process propylene), to pay liquidated damages (calculated by reference to identified price indices) to the other Butanol Sponsors,

*provided, however*, that where more than one Butanol Sponsor shortfalls in its supply obligations, such liability is shared proportionate to the shortfall quantity for which each such Butanol Sponsor is responsible.

Saudi Acrylic Acid Company will, pursuant to the Tolling and Processing Agreement, provide a back-up supply of propylene to the Butanol Plant for each other Butanol Sponsor, *provided that* such Butanol Sponsor has a positive balance in such back-up supply (by way of effectively "swapping" a replenishment amount with Saudi Acrylic Acid Company).

Each Butanol Sponsor shall be entitled to a quantity of butanol products calculated in proportion to the actual amount of propylene it supplied, as determined by certain conversion factors (which are extracted from the applicable license technology details), and its share of any additional butanol products that might be produced through the Butanol Plant's conversion efficiency.

Butanol products are off-taken from the Butanol Plant by the Butanol Sponsors through identified butanol delivery points.

Each Butanol Sponsor is allocated tank storage capacity at the Butanol Plant site, in which it may store butanol products.

*Price:*

The Butanol Sponsors are responsible for paying ButanolCo the costs incurred in processing the propylene into butanol products at the Butanol Plant.

Irrespective of the amount of propylene supplied by a Butanol Sponsor during a month, each Butanol Sponsor is responsible for paying to ButanolCo a share of fixed costs (consisting of fixed cost components relevant to the Butanol Plant) and SIDF financing costs (incurred as part of the SIDF lending obtained for the Butanol Project and set out in the Butanol Sponsors' shareholders' agreement).

Each Butanol Sponsor pays ButanolCo an amount of variable costs which are proportionate to the amount of propylene supplied by such Butanol Sponsor in some cases, it will be in proportion to such Sponsors' ownership interest. These are costs which vary depending on the amount of conversion the Butanol Plant undertakes.

#### *Events of Default:*

The Tolling and Processing Agreement contains the following events of default:

- (a) the occurrence of a cross-default by a Butanol Sponsor under the Butanol Sponsors' shareholders' agreement;
- (b) a Butanol Sponsor failing to make funding payments due under the Butanol Sponsors' shareholders' agreement;
- (c) a Butanol Sponsor failing to make payment of a monthly invoice amount (issued pursuant to the Tolling and Processing Agreement) within 15 days of the relevant due date; and
- (d) assignment, transfer or other disposal of a Butanol Sponsor's rights or obligations in breach of the Tolling and Processing Agreement.

If a Butanol Sponsor fails to rectify an event of default by certain reinstatement dates (which vary depending on the event of default), such Butanol Sponsor shall have its right to take delivery of butanol products and/or supply propylene to the Butanol Plant suspended (to the extent notified by ButanolCo) until the relevant reinstatement date occurs.

Termination rights are not addressed in the Tolling and Processing Agreement. Instead, an event of default under the Tolling and Processing Agreement may constitute a cross-default under the Butanol Sponsors' shareholders' agreement, which may lead to termination of a Butanol Sponsor as a shareholder (and therefore termination of such Butanol Sponsor's rights and obligations under the Tolling and Processing Agreement).

## **INDUSTRIAL GASES PURCHASE AGREEMENT**

Sadara, as the offtaker, and IGC, as the contractor, entered into the IGPA which governs the terms and conditions under which: (a) IGC will make available to Sadara, the contracted capacity (the **Contracted Capacity**) of hydrogen, carbon monoxide and ammonia (the **Industrial Gases Products**); and (b) Sadara will pay: (i) a capacity payment (the **Capacity Payment**) in consideration of the Contracted Capacity; and (ii) an output payment (the **Output Payment**) in consideration of the quantity of: (A) Industrial Gases Products made available by IGC at the designated delivery points (**Output**) that is taken by Sadara; and (B) any quantity of high pressure steam produced as a by-product by the Plant (the **HP Steam**) that is made available by IGC at the designated delivery points (the **Hyco/Ammonia Project**).

#### *Term and Extensions of the Term:*

Unless terminated prior to its expiry, the initial term of the IGPA will be 20 years from the Commercial Operation Date of the Hyco/Ammonia Project (the **Initial Term**). The Initial Term of the IGPA may be extended: (a) unilaterally by Sadara for a period of ten years (or the remainder of Sadara's site lease, if less) on the existing terms of the IGPA; or (b) for a different period and / or on different terms by agreement of the parties. The Initial Term and any extended term of the IGPA shall be extended equitably, following certain events of force majeure (as described below).

#### *Design and Construction of the Hyco/Ammonia Project:*

IGC is responsible for the design, engineering, procurement, supply, manufacture, factory testing, transportation to site, construction, erection, installation, completion, start up, testing, commissioning, operation and maintenance of the plant (the **Plant**), to be located on a portion of the Sadara Complex that will be sub leased to IGC for the Hyco/Ammonia Project pursuant to a land sub-lease. Sadara has similar responsibilities for certain interconnection facilities to be located at the Sadara Complex for the delivery of the Industrial Gases Products and HP Steam by IGC to Sadara and the delivery of Utilities and Feedstock by Sadara to IGC.

*Commercial Operation of the Plant and Liquidated Damages for Delay:*

The commercial operation date will occur once Sadara has notified IGC Co that the performance test results have been accepted and the ammonia storage tank has been filled with a pre-agreed quantity of liquefied ammonia (the **Commercial Operation Date**). If IGC Co fails to achieve the Commercial Operation Date by the target date for achievement of commercial operations (the **Scheduled Commercial Operation Date**), IGC Co will pay agreed liquidated damages to Sadara calculated in accordance with a formula in the IGPA for each day (or any part thereof) up to the “Construction Liquidated Damages Cap” set forth in the IGPA.

*Operation and Maintenance of the Plant:*

IGC Co must operate and maintain the Plant in accordance with applicable legal requirements and governmental authorizations, the environmental health and safety requirements of Sadara (which includes all relevant IFC Environmental, Health and Safety Guidelines and the IFC Performance Standards on Social & Environmental Sustainability), Good Industry Practice, the operating procedures developed by IGC Co for the Plant and Sadara’s dispatch instructions.

*Scheduled Maintenance of the Plant:*

IGC Co must undertake maintenance of the Plant without prejudice to its obligation to make available the Contracted Capacity for each Industrial Gases Product at all times and must coordinate its maintenance schedule with Sadara.

*Supply of Capacity, Products and HP Steam:*

Prior to the Commercial Operation Date, either party may request (without obligation on the part of the other party) to make available Industrial Gases Product or to purchase quantities of Industrial Gases Product. From and after the Commercial Operation Date: (a) IGC Co is obliged to make available the Contracted Capacity of each Industrial Gases Product to Sadara; (b) Sadara may request quantities of Industrial Gases Product in excess of the Contracted Capacity and IGC Co must use its commercially reasonable efforts to make such excess quantities available; and (c) IGC Co will make available HP Steam on an as-available basis. Sadara is not under any obligation to take Industrial Gases Product made available by IGC Co but is obliged to use its commercially reasonable efforts to take all quantities of HP Steam made available by IGC Co to Sadara at the applicable delivery point.

*Quantity and Quality of Products and HP Steam:*

The Industrial Gases Product must conform with the applicable specifications under the IGPA at all times. If Sadara rejects any non conforming Industrial Gases Product, then it will be treated as a shortfall quantity and IGC Co will be liable for agreed shortfall liquidated damages, which are subject to an annual cap set forth in the IGPA and an aggregate cap set forth in the IGPA and based on the difference between the quantity of Industrial Gases Product actually made available and the applicable Contracted Capacity.

If there is a shortfall in supply of ammonia, IGC Co must utilize liquefied ammonia from the storage tank to supply Sadara’s requirements. If there is any shortfall in supply of Industrial Gases Product, then, as well as IGC Co being liable for shortfall liquidated damages, Sadara has the right to purchase equivalent product at its own cost from a third party without prejudice to Sadara’s right to claim shortfall liquidated damages. IGC Co is relieved from paying shortfall liquidated damages in respect of any shortfall attributable to an event of force majeure under the IGPA, an Offtaker Risk Event, a planned maintenance outage or the operation of the Hyco/Ammonia Project outside its maximum ramp rates due to an act or omission of Sadara.

*Utilities Supply and Ancillary Services:*

IGC Co must arrange its own power and utility supplies required for construction of the Plant. Sadara will supply to IGC Co, at its own expense, Utilities for commissioning, start-up and testing, subject to quantity caps. If IGC Co requires quantities of Feedstock for commissioning, start-up and testing in excess of the quantity caps, Sadara will use commercially reasonable efforts to supply such additional quantities at IGC Co’s expense. From and after the Commercial Operation Date, Sadara will supply, and IGC Co will pay for, compressed air, demineralized water, low pressure nitrogen, start-up steam, cooling water make-up and electric power, subject to quantity caps for certain of these utilities. Sadara will also provide certain ancillary services to IGC Co at no cost to IGC Co. Sadara will have no liability to IGC Co in any respect in relation to such ancillary services.



#### *Feedstock Supply:*

Sadara will supply to IGCo, at its own expense, quantities of sales gas and high pressure nitrogen (together, the **Feedstock**) reasonably requested for commissioning, testing and start-up of the Plant, subject to caps. From and after the Commercial Operation Date, Sadara will supply, and IGCo will pay for, the Feedstock, subject to caps.

#### *Credit Support:*

IGCo must provide to Sadara: (a) an irrevocable and unconditional letter of credit or bank guarantee in an agreed amount valid until the first anniversary of the Commercial Operation Date as security for any amount due and payable under the IGPA; and (b) a parent company guarantee in favor of Sadara of all of IGCo's obligations under the IGPA (other than IGCo's obligation to make payment of any amount after the fifth anniversary of the Commercial Operation Date).

#### *Rates Payable for Industrial Gases Product and High Pressure Steam:*

For each month during commercial operations, Sadara will make a total payment comprising: (a) a basic monthly payment equal to the aggregate of the Capacity Payments for each Industrial Gases Product; (b) a variable monthly payment equal to the aggregate of the Output Payments for the quantities of each Industrial Gases Product actually taken by Sadara during such month and all quantities of HP Steam made available to Sadara at the applicable delivery point (even if not taken by Sadara); and (c) flaring payments to the extent that IGCo is required to flare Industrial Gases Product as a result of Sadara requiring IGCo to operate within certain defined parameters.

#### *Escalation:*

The fixed O&M rate component of the Capacity Payments is escalated in line with the Saudi Arabian General Wholesale Price Index in effect on the last day of the relevant billing period, while the variable O&M rate components are escalated according to the price in effect for each component on the last day of the relevant billing period. The O&M rate components of the Capacity Payments and Output Payments for Industrial Gases Products, and the HP Steam price, are adjusted by the fluctuation in the SAR/USD exchange rate. The liquidated damages caps are escalated annually in line with United States Producer Price Index.

#### *Events of Force Majeure:*

The IGPA contains a customary definition of "event of force majeure" which includes change in law and expropriatory acts and provides that a party affected by such event will be excused from the performance of its obligations under the IGPA to the extent it has been so affected, except in the case of either party's obligation to make payments.

If such an event of force majeure delays achievement of the Commercial Operation Date, then the Scheduled Commercial Operation Date will be extended.

If either party is affected by such an event of force majeure after the Commercial Operation Date, IGCo will generally only receive Capacity Payments to the extent of actual capacity that IGCo is able to make available. However, if such an event of force majeure affects the ability of Sadara to perform its obligations under the IGPA thereby affecting the ability of IGCo to make available Contracted Capacity or a portion thereof, Sadara will continue to make the full Capacity Payment.

#### *Offtaker Risk Events:*

**Offtaker Risk Events** under the IGPA include a limited number of events like breaches of material obligations under the IGPA by Sadara, but relief in respect of such events shall only be available to IGCo to the extent that IGCo has made commercially reasonable efforts to minimize and mitigate the effect of such event or circumstance.

If an event of force majeure (as described above) or an Offtaker Risk Event delays achievement of the Commercial Operation Date, then the Scheduled Commercial Operation Date will be extended. If IGC Co would have achieved the Commercial Operation Date but for the occurrence of an Offtaker Risk Event, IGC Co will be entitled to Capacity Payments as if such date had been achieved, however, such payments will be repayable by IGC Co should subsequent testing of the Plant confirm that it has not actually satisfied all the requirements for the Commercial Operation Date to be achieved.

If following the Commercial Operation Date, IGC Co's ability to make available Contracted Capacity is affected by an Offtaker Risk Event, then Sadara will make Capacity Payments based on the capacity of the Plant prior to the occurrence of the Offtaker Risk Event.

#### *Increased Costs and Savings:*

The IGPA provides relief for increased costs suffered by IGC Co that result from changes in law, Offtaker Risk Events, delays in achieving the scheduled Closing Date due to a delay in the fulfillment of conditions precedent to the Closing Date or a breach by Sadara of certain obligations and failure to obtain customs duty exemptions (notwithstanding IGC Co's compliance with its obligations relating to applications therefor). The IGPA also provides relief to Sadara if IGC Co benefits from a cost saving as a result of a change in law.

#### *Abandonment:*

Abandonment occurs if Sadara declares the Hyco/Ammonia Project to have been abandoned and: (a) prior to the Commercial Operation Date, where the construction of the Plant is a prescribed number of days behind the scheduled date for any critical milestone identified in the "Implementation Schedule" and IGC Co fails to demonstrate to Sadara its ability to accelerate the performance of its obligations under the IGPA, taking into account its ability to accelerate; and (b) on or after the Commercial Operation Date, a willful and unexcused failure by IGC Co to operate the Plant or make available, if the Plant is capable of doing so at the time, Contracted Capacity in accordance with the provisions of the IGPA.

If abandonment occurs prior to the Commercial Operation Date, then Sadara is entitled to: (a) receive liquidated damages equal to the full amount of the "Construction Liquidated Damages Cap" set forth in the IGPA less any liquidated damages already paid by IGC Co to Sadara as at that date; and / or (b) terminate the IGPA.

#### *Events of Default and Termination:*

The IGPA contains customary events of default and a number of termination events. If termination is due to the fault of: (a) IGC Co, then Sadara has the option to purchase the Hyco/Ammonia Project or instruct that it be dismantled; or (b) Sadara or neither party, then Sadara shall be obliged to purchase the Hyco/Ammonia Project, except in the case of a negative reinstatement determination following an event of loss, in which case, the Plant shall be dismantled.

Prior to the Commercial Operation Date, the purchase price will be based on the recovery of IGC Co's capped reasonable, verifiable and auditable Hyco/Ammonia Project development costs and inflated (if Sadara is at fault) or reduced (if IGC Co is at fault) by pre-agreed percentages, depending on the circumstances of termination.

From and after the Commercial Operation Date but prior to expiry of the Initial Term, the purchase price will be based on the net present value of the discounted Capacity Payments (excluding fixed O&M costs) that would have been payable for the balance of the term and reduced, by a pre-agreed percentage, if termination of the IGPA is due to IGC Co fault.

#### *Step-in rights:*

Sadara may step-in and take over the management of the construction or operation and maintenance of the Hyco/Ammonia Project, following: (a) the issue of a termination notice by either party; (b) failure by IGC Co to deploy an adequate number of personnel following an event of force majeure under the IGPA; (c) an unreliability event whereby IGC Co fails to provide a continuous supply of Industrial Gases Products up to the Contracted Capacity for each Industrial Gases Product; or (d) certain events of default by IGC Co.

## INDUSTRIAL WATER SUPPLY AGREEMENT

Sadara, as the offtaker, and Marafiq, as the supplier, entered into the IWSA which governs the terms and conditions under which: (a) Marafiq will make available to Sadara the volume (the **Contracted Volume**) of (i) industrial water produced by the Industrial Water Plant (**Industrial Water**), and/or (ii) other industrial water (**Replacement Water** and, together with Industrial Water, **Waters**) demanded by Sadara pursuant to certain demand schedules set out in the IWSA; and (b) Sadara will pay: (i) prior to the **Industrial Water Project Commercial Operation Date**: (A) a minimum take-or-pay payment in consideration of Marafiq making available the applicable volume of Water set forth in the demand schedule; and (B) a variable payment in consideration of the quantity of Water made available by Marafiq at the designated delivery points (**Water Output**) and taken by Sadara in excess of the volumes set forth in the demand schedule; and (ii) on and from the Industrial Water Project Commercial Operation Date: (A) a capacity payment (the **Industrial Water Capacity Payment**) in consideration of the available capacity of the Industrial Water Plant (the **Industrial Water Contracted Capacity**); and (B) an output payment (the **Water Output Payment**) in consideration of the Water Output taken by Sadara (the **Industrial Water Project**).

### *Term and Extensions of the Term:*

Unless terminated prior to its expiry, the initial term of the IWSA will be 20 years from the Industrial Water Project Commercial Operation Date (the **Initial Industrial Water Term**). The Initial Industrial Water Term of the IWSA may be extended: (a) unilaterally by Sadara for a period of ten years (or the remainder of Sadara's site lease, if less) on the existing terms of the IWSA; or (b) for a different period and / or on different terms by agreement of the parties. The Initial Industrial Water Term and any extended term of the IWSA shall be extended equitably, following certain events of force majeure (as described below).

### *Design and Construction of the Industrial Water Project:*

Marafiq is responsible for the design, engineering, procurement, supply, manufacture, factory testing, transportation to site, construction, erection, installation, completion, start up, testing, commissioning, operation and maintenance of the plant, an industrial water storage tank, certain interconnection facilities, and other facilities and equipment (the **Industrial Water Plant**), to be located on a portion of the Sadara Complex that will be sub leased to Marafiq for the Industrial Water Project pursuant to a land sub lease. Sadara has similar responsibilities for certain interconnection facilities to be located at the Sadara Complex for the delivery of Water by Marafiq to Sadara. To the extent reasonably necessary to enable Marafiq to construct the Industrial Water Plant, Marafiq holds a temporary and non-exclusive right of way upon a lay-down area on the Sadara Complex, which right of way is subject to the terms and conditions of both the IWSA and the Industrial Land Lease Contract.

### *Commercial Operation of the Industrial Water Plant:*

The commercial operation date will occur once Sadara has notified Marafiq that the performance test results have been accepted (the **Industrial Water Project Commercial Operation Date**).

### *Operation and Maintenance of the Industrial Water Plant:*

Marafiq must operate and maintain the Industrial Water Plant in accordance with applicable legal requirements, the environmental health and safety requirements of Sadara (which includes all relevant IFC Environmental, Health and Safety Guidelines and the IFC Performance Standards on Social & Environmental Sustainability), Good Industry Practice, and the operating procedures developed by Marafiq for the Industrial Water Plant.

### *Scheduled Maintenance of the Industrial Water Plant:*

Marafiq must undertake maintenance of the Industrial Water Plant without prejudice to its obligation to make available the Contracted Volume at all times, and must coordinate its maintenance schedule with Sadara to the extent that such co-ordination will neither have a material adverse impact on the ability of the Industrial Water Plant to perform in accordance with the IWSA, nor increase the cost of maintaining the Industrial Water Plant.

*Supply of Water and Third-Party Sales:*

During the period commencing on 1 January 2014 and ending on the earlier of the Industrial Water Project Commercial Operation Date or the date on which Marafiq would have achieved the Industrial Water Project Commercial Operation Date but-for an Industrial Water Offtaker Risk Event, Marafiq is obliged to (a) make available the Contracted Volume to Sadara in the form of Replacement Water; (b) make available the Contracted Volume to Sadara in the form of Industrial Water (in lieu of Replacement Water) to the extent that it is able to using commercially reasonable efforts; and (c) use commercially reasonable efforts to make available to Sadara quantities of Water in excess of the Contracted Volume. From and after the Industrial Water Project Commercial Operation Date, Marafiq is obliged to (a) make available to Sadara the Industrial Water Contracted Capacity in the form of Industrial Water; (b) use commercially reasonable efforts to make available Replacement Water to Sadara in lieu of Industrial Water, when Marafiq is unable to make Industrial Water available to Sadara; (c) to the extent requested by Sadara, use commercially reasonable efforts to make available to Sadara quantities of Industrial Water in excess of the Industrial Water Contracted Capacity; and (d) store a certain volume of Industrial Water at the Industrial Water Plant.

Marafiq is obliged to make available to Sadara, and Sadara holds the exclusive right to take, all Industrial Water produced by the Industrial Water Plant; except that, if, at any time, Sadara notifies Marafiq that it does not require or rejects any quantity of Industrial Water, Marafiq may sell such Industrial Water to third-parties. The Industrial Water Capacity Payment payable by Sadara shall be reduced to the extent Marafiq sells Industrial Water to third parties. Sadara has the right to (a) on-sell Water to third-parties located within the Sadara Complex; and (b) purchase water from third-parties at its own cost to the extent that Marafiq is unable to make available any quantity of Water in accordance with its obligations under the IWSA.

*Quantity and Quality of Water:*

The Water must conform with the applicable specifications under the IWSA at all times. If Sadara rejects any non-conforming Water, then it will be treated as a shortfall quantity; and Marafiq will be liable for agreed shortfall liquidated damages, which are subject to an annual cap set forth in the IWSA and an aggregate cap set forth in the IWSA and based on the difference between the quantity of Water actually made available and the applicable Contracted Volume.

If there is any shortfall in supply of Water, then, as well as Marafiq's being liable for shortfall liquidated damages, Sadara has the right to purchase equivalent Water at its own cost from a third-party without prejudice to Sadara's right to claim shortfall liquidated damages. Marafiq is relieved from paying shortfall liquidated damages in respect of any shortfall attributable to an event of force majeure under the IWSA or an Industrial Water Offtaker Risk Event.

*Utilities Supply and Ancillary Services:*

Marafiq must arrange its own power and utility supplies. From and after the Industrial Water Project Commercial Operation Date, Sadara will provide certain ancillary services to Marafiq at no cost to Marafiq, which services will include the disposal of effluent from the Industrial Water Plant with certain specifications set out in the IWSA. Sadara will have no liability to Marafiq in any respect in relation to such ancillary services. Marafiq will, subject to certain caps, indemnify Sadara against losses suffered by Sadara as a result of Sadara's taking effluent from the Industrial Water Plant which does not conform to the specifications set out in the IWSA.

*Rates Payable for Water:*

For each month during the period commencing on 1 January 2014 and ending on the earlier of the Industrial Water Project Commercial Operation Date or the date on which Marafiq would have achieved the Industrial Water Project Commercial Operation Date but-for an Industrial Water Offtaker Risk Event, Sadara will make a total payment (subject to certain reductions specified in the IWSA) comprising: (a) a minimum take-or-pay payment for the Contracted Volume (even if not taken by Sadara); and (b) a variable monthly payment for the respective volumes of Replacement Water and Industrial Water actually taken by Sadara during such month.

For each month during commercial operations, Sadara will make a total payment (subject to certain reductions specified in the IWSA) comprising: (a) the Industrial Water Capacity Payment; (b) a variable monthly payment for the volumes of Replacement Water and Industrial Water actually taken by Sadara during such month; and

(c) excess payments for the volume of Industrial Water actually taken by Sadara during such month in excess of the Industrial Water Contracted Capacity.

*Escalation:*

The foreign portion of the fixed O&M rate component of the Industrial Water Capacity Payments and the foreign portion of the variable O&M rate component of the Industrial Water Capacity Payments are subject to monthly indexation for fluctuations in the SAR/USD exchange rate, and escalation in line with the United States Producer Price Index. The local portion of the fixed O&M rate component of the Industrial Water Capacity Payments and the local portion of the variable O&M rate component of the Industrial Water Capacity Payments are subject to quarterly escalation in line with the Saudi Arabian General Wholesale Price Index, the regulated seawater tariff and the regulated electricity tariff (as applicable) in effect on the first day of the relevant quarter. The aggregate liquidated damages cap is escalated annually in accordance with the aforementioned adjustments and escalations to the fixed O&M rate.

*Events of Force Majeure:*

The IWSA contains a customary definition of “event of force majeure” which (a) includes (i) governmental action or failure to act, (ii) a delay or failure in the supply of seawater or electricity by the relevant utility provider, (iii) an increase in the temperature of or total dissolved solids in the seawater beyond a certain threshold, and (iv) red tide; and (b) provides that a party to the IWSA affected by such event will be excused from the performance of its obligations under the IWSA to the extent it has been so affected, except in the case of either party’s obligation to make payments.

If an event of force majeure under the IWSA delays the achievement of any of the milestones in the implementation schedule of the Industrial Water Project (including, the achievement of the Industrial Water Project Commercial Operation Date) beyond the relevant date set forth therein, then such date(s) will be extended by the parties (acting in a commercially reasonable manner).

If such an event of force majeure affects Marafiq but not Sadara for any period of time, then (a) during the period from 1 January 2014 until the earlier of the Industrial Water Project Commercial Operation Date or the date on which Marafiq would have achieved the Industrial Water Commercial Operation Date but for an Industrial Water Offtaker Risk Event, Sadara will (subject to certain limited exceptions) continue to make the minimum take-or-pay payments (i) for the first year of such period based on the actual volume of Water that Marafiq is able to make available to Sadara, and (ii) thereafter based on the Contracted Volume; and (b) from and after the Industrial Water Project Commercial Operation Date, Sadara will (subject to certain limited exceptions) continue to make the Industrial Water Capacity Payments (i) for the first year of such period based on the capacity that Marafiq declares it is able to make available to Sadara, and (ii) thereafter based on the Water Output that Marafiq is able to make available to Sadara.

If an event of force majeure under the IWSA occurs which affects Sadara or both Sadara and Marafiq, then (a) during the period from 1 January 2014 until the earlier of the Industrial Water Project Commercial Operation Date or the date on which Marafiq would have achieved the Industrial Water Commercial Operation Date but for an Industrial Water Offtaker Risk Event, Sadara will (subject to certain limited exceptions) continue to make the minimum take-or-pay payments based on the Contracted Volume; and (b) from and after the Industrial Water Project Commercial Operation Date, Sadara will (subject to certain limited exceptions) continue to make the Industrial Water Capacity Payments based on the Industrial Water Contracted Capacity.

*Industrial Water Offtaker Risk Events:*

**Industrial Water Offtaker Risk Events** under the IWSA include a limited number of events such as breaches of material obligations under the IWSA by Sadara, but relief in respect of such events shall only be available to Marafiq to the extent that Marafiq has made commercially reasonable efforts to minimize and mitigate the effect of such event or circumstance.

If an Industrial Water Offtaker Risk Event delays any of the milestones in the implementation schedule of the Industrial Water Project (including, the achievement of the Industrial Water Project Commercial Operation Date) beyond the relevant date set forth therein, then the such date(s) will be extended by the parties (acting in a commercially reasonable manner). If Marafiq would have achieved the Industrial Water Project Commercial Operation Date but for the occurrence of an Industrial Water Offtaker Risk Event, Marafiq will be entitled



to Industrial Water Capacity Payments based on the Industrial Water Contracted Capacity, as if such date had been achieved, however, such payments will be repayable by Marafiq should subsequent testing of the Industrial Water Plant confirm that it has not actually satisfied all the requirements for the Industrial Water Project Commercial Operation Date to be achieved.

If following the Industrial Water Project Commercial Operation Date, Marafiq's ability to make available the Industrial Water Contracted Capacity is affected by an Industrial Water Offtaker Risk Event, then Sadara will generally make Industrial Water Capacity Payments based on the capacity of the Industrial Water Plant prior to the occurrence of the Industrial Water Offtaker Risk Event, and Water Output Payments based on Water Output.

#### *Increased Costs and Savings:*

The IWSA provides relief for increased costs suffered by Marafiq that result from changes in law, Industrial Water Offtaker Risk Events, or an increase in the temperature of or total dissolved solids in the seawater beyond a certain threshold. The IWSA also provides relief to Sadara if Marafiq benefits from a cost saving in respect of any of the qualifying events mentioned above.

#### *Abandonment:*

Abandonment occurs if Sadara declares the Industrial Water Project to have been abandoned and: (a) prior to the Industrial Water Project Commercial Operation Date, where the construction of the Industrial Water Plant is a prescribed number of days behind the scheduled date for any critical milestone identified in the "Implementation Schedule" and Marafiq fails to demonstrate to Sadara its ability to perform its obligations under the IWSA, taking into account its ability to accelerate; and (b) on or after the Industrial Water Project Commercial Operation Date, a willful and unexcused failure by Marafiq to operate the Industrial Water Plant or make available, if the Industrial Water Plant is capable of doing so at the time, Industrial Water Contracted Capacity in accordance with the provisions of the IWSA.

If abandonment occurs prior to the Industrial Water Project Commercial Operation Date, then Sadara is entitled to terminate the IWSA; and if such termination occurs prior to Marafiq's execution of the EPC contract in respect of the Industrial Water Project, Sadara will be entitled to payment of liquidated damages equal to the full amount of the "Construction Liquidated Damages Cap" set forth in the IWSA.

#### *Events of Default and Termination:*

The IWSA contains customary events of default and a number of termination events. If termination is due to the fault of: (a) Marafiq, then Sadara has the option to purchase the Industrial Water Project or instruct that it be dismantled; or (b) Sadara, or neither party, then Sadara shall be obliged to purchase the Industrial Water Project, except in the case of a negative reinstatement determination following an event of loss, in which case, the parties shall share the cost of dismantling the Industrial Water Plant.

Prior to the Industrial Water Project Commercial Operation Date, the purchase price will be based on the recovery of Marafiq's capped reasonable, verifiable and auditable Industrial Water Project development costs and inflated (if Sadara is at fault) or reduced (if Marafiq is at fault) by pre-agreed percentages, depending on the circumstances of termination.

From and after the Industrial Water Project Commercial Operation Date but prior to expiry of the Initial Industrial Water Term, the purchase price will be based on the net present value of the discounted Industrial Water Capacity Payments (excluding fixed O&M costs) that would have been payable for the balance of the term and inflated (if Sadara is at fault) or reduced (if Marafiq is at fault) by pre-agreed percentages, depending on the circumstances of termination.

#### *Step-in rights:*

Sadara may step in and take over the management of the construction or operation and maintenance of the Industrial Water Project, following: (a) the issue of a termination notice by either party; (b) failure by Marafiq to deploy an adequate number of personnel following an event of force majeure under the IWSA; (c) an unreliability event whereby Marafiq fails to provide a continuous supply of Water up to the Industrial Water Contracted Capacity; or (d) certain events of default by Marafiq.



## SECONDMENT AGREEMENT

### *Parties:*

Saudi Aramco, the Dow Shareholder (together, the **Supporting Shareholders** and each a **Supporting Shareholder**) and Sadara (together with the Saudi Aramco Shareholder and the Dow Shareholder, the **Parties** and each a **Party**).

### *Purpose:*

The Secondment Agreement establishes the procedures, terms and conditions under which personnel employed by a Supporting Shareholder (or an Affiliate thereof) may be seconded to Sadara for the purpose of assisting Sadara in carrying out its business and operations.

### *Term:*

The Secondment Agreement became effective on 30 October 2011 and shall, unless otherwise agreed, terminate when either of the Supporting Shareholders ceases to be a Shareholder in Sadara.

### *Secondment:*

**Appointed Secondees:** Senior officers of Sadara who are employees of a Supporting Shareholder shall become **Appointed Secondees** after: (a) being nominated by the relevant Supporting Shareholder; (b) being appointed by the board of directors of Sadara; and (c) the appointing Supporting Shareholder has executed a secondment approval letter.

**“First Phase” Secondees:** A number of “first phase” secondees were recommended to Sadara by the Supporting Shareholders prior to the execution of the Secondment Agreement and commenced their secondments on or about the date of the Secondment Agreement. Each Supporting Shareholder has completed secondment nominations in respect of each “first phase” secondee, and (following receipt of Sadara’s written confirmation of its acceptance of such secondees), each Supporting Shareholder has provided Sadara with the necessary executed secondment approval letters.

**Other Secondees:** Sadara can request secondees by submitting a secondment request to the Supporting Shareholders in respect of a position designated by Sadara as a position to be filled by a secondee. Following such request, the Supporting Shareholders may nominate employees (**Nominees**) by submitting a secondment nomination containing relevant data about the Nominee. Sadara may interview and select any Nominee in its sole discretion.

Following selection of a Nominee, the relevant Supporting Shareholder shall provide Sadara with an executed secondment approval letter in respect of such Nominee.

Each secondee will be under the direction, control and supervision of Sadara during its secondment. During its secondment, no secondee shall: (a) perform any services for; (b) enter into any agreement on behalf of; or (c) bind, any Supporting Shareholder or its Affiliates.

### *Cost, Compensation and Benefits for Secondees:*

The total amount payable by Sadara to a Supporting Shareholder in respect of a secondee comprises: (a) the applicable monthly rate for that secondee as set out in “Rate Schedules” attached to the Secondment Agreement; (b) any taxes; (c) a one-way lump-sum mobilization payment, and (d) any other amounts designated as “Secondee Costs” (**Secondee Costs**).

The initial monthly rate for each secondee (and any amended rates (see below)), are determined by each Supporting Shareholder in good faith as the average cost to such Supporting Shareholder (of Affiliate thereof) for providing a secondee to Sadara based upon the secondee’s home location and job level.

The monthly rates for each secondee do not include: (a) housing or family costs at a regional base outside of The Kingdom; (b) additional security; (c) corporate overhead; (d) benefits or remuneration that are not typically available to similarly situated employees of the relevant Supporting Shareholder; and (e) travel to and

from The Kingdom which is not associated with the business of Sadara (“excluded costs”).

A Supporting Shareholder may amend the applicable monthly rate for a secondee each year. A Supporting Shareholder may increase the applicable rate for a secondee by up to 5% without the approval of the other Parties. Any proposed increase above 5% requires the approval of the other Parties, or can otherwise be determined by dispute resolution.

*Force Majeure:*

The Secondment Agreement contains a customary force majeure provision.

*Termination of a Secondment:*

The secondment of an Appointed Secondee terminates when the Appointed Secondee ceases to be a senior officer of Sadara.

Other than the secondment of a senior officer, a secondment may be terminated on seven days’ notice by Sadara following consultation with the relevant Supporting Shareholder if Sadara determines that: (a) the performance or conduct of the secondee is materially unsatisfactory; (b) the secondee commits a material act of misconduct; (c) the secondee is in material breach of its acknowledgment and undertaking to be bound by the Secondment Agreement; or (d) the secondee becomes disabled or physically or mentally incapacitated in a manner which renders such secondee unable to effectively perform the secondment. Upon such termination, the relevant Supporting Shareholder shall demobilize the secondee at its own cost. Sadara may seek a replacement secondee from the Supporting Shareholders and the relevant Supporting Shareholder shall be responsible for such secondee’s mobilization costs.

Other than the secondment of a senior officer, a secondment may be terminated on seven days’ notice by the Supporting Shareholder who provided the secondee if Sadara: (a) fails to comply with its obligations in respect of its visa or taxes requirements and fails to remedy the breach within 30 days; or (b) Sadara materially modifies the scope and / or location of a secondment. Upon such termination Sadara shall demobilize the secondee at its cost. If a replacement secondee is nominated and approved, Sadara shall be responsible for such secondee’s mobilization costs.

Upon expiration of the term of a secondment, the relevant Supporting Shareholder shall demobilize its secondee to the secondee’s home location, failing which, Sadara shall return the secondee. A one way, lump-sum demobilization payment shall be payable by Sadara based upon such secondee’s home location and grade code.

In the event of circumstances unforeseen at the time of the commencement of a secondment (other than for force majeure) that require a secondee to be withdrawn before the completion of a secondment, a Supporting Shareholder may withdraw, or Sadara may request the withdrawal of, a secondee from its secondment upon 60 days’ prior notice to Sadara or the relevant Supporting Shareholder (as applicable). Where a Supporting Shareholder withdraws a secondee, the Supporting Shareholder shall: (a) bear the demobilization costs of the withdrawn secondee; (b) at its cost, replace the withdrawn secondee on or prior to the termination date of the secondment of the withdrawn secondee; and (c) bear the mobilization costs of the replacement secondee. Where Sadara requests the withdrawal of a secondee, Sadara shall bear the demobilization costs of the withdrawn secondee and to the extent it requests a replacement secondee, shall bear the mobilization costs of such replacement secondee.

All secondments shall terminate immediately upon the termination of the Secondment Agreement.

*Indemnification:*

Sadara shall: (a) indemnify, defend and hold harmless each Supporting Shareholder and certain related persons from and against all losses, liabilities, claims of any kind, interest, commission or expenses (including reasonable attorney’s fees and expenses in defending against such liabilities and claims) arising in connection with any act or omission of any secondee (other than to the extent such losses comprise Secondee Costs); and (b) release each Supporting Shareholder and certain related persons from liability for all such losses arising in connection with any act or omission of any secondee. No Party has any liability in connection with the Secondment Agreement for any loss of profit, indirect loss, additional, consequential and other types of loss other than any losses caused by willful misconduct or fraud or in respect of losses arising from rights or obligations in respect of confidentiality.

*Assignment:*

Sadara may assign, transfer or otherwise dispose of its rights and obligations under the Secondment Agreement as security to any financial institutions or an agent or trustee of the same who are providing finance to Sadara in connection with the Project (the **Funders**). The Funders may assign, transfer or otherwise dispose of such assigned rights to: (a) anyone acquiring the Project as a result of the enforcement of such security; or (b) a successor of Sadara and its business.

A Party may assign its rights and obligations under the Secondment Agreement to another person with the prior written consent of the other Parties.

*Confidentiality:*

The terms of the Omnibus Confidentiality Agreement apply to the Secondment Agreement and any confidential information provided or received in connection with the Secondment Agreement unless Sadara is party to an agreement with more stringent confidentiality provisions than the Omnibus Confidentiality Agreement, in which case the more stringent provisions shall apply.

Sadara shall ensure each secondee is aware of any confidentiality provisions which are more stringent than those contained in the Omnibus Confidentiality Agreement.

*Governing Law:*

Save for the confidentiality provisions (which are governed by the English law), the Secondment Agreement is governed by the laws of The Kingdom and the governing language is English.

*Dispute Resolution:*

The Secondment Agreement includes dispute and expert resolution procedures which provide for initial negotiation and then, if necessary, final and binding resolution by a three person arbitration tribunal in London, pursuant to the ICC Rules. There are provisions for joinder with disputes under other agreements relating to the Project. Certain specified and agreed items shall be determined by an expert whose determination shall be administered in accordance with the ICC Rules.

## INDUSTRIAL LAND LEASE CONTRACT

*Parties:*

RCJY (as the **Lessor** for the purposes of this section) and Sadara (as the **Lessee** for the purposes of this section), each a **Party** and together, the **Parties**.

*Purpose:*

To set out the terms and conditions on which the Lessor grants to the Lessee certain land for industrial use (the **Leased Premises**).

*Rent:*

Annual rent is payable upon the execution of the contract. The Lessor must maintain the rent at a competitive commercial rate but can revise the rent per m<sup>2</sup> every ten years or upon renewal of Industrial Land Lease Contract, whichever is first. Additional rent is payable for use of pipeline corridors.

*Possession and Condition of Land:*

The Leased Premises are accepted “as is” on the date of the Industrial Land Lease Contract, and the Lessor makes no representations or warranties concerning the condition or suitability thereof. The Lessee is granted full, exclusive and unrestricted use of the Leased Premises, *provided that* certain survey monuments and all items of archaeological or historical value discovered in the Leased Premises are excluded from the Leased Premises. The Lessor retains unrestricted access rights for maintenance of survey monuments and utilities and the right to halt the Lessee’s works if items of historical or archaeological value are discovered until a decision

is made. The Lessor can inspect the Sadara Complex upon reasonable notice to ensure compliance with the Land Lease. The Lessee may not erect structures above buried utilities.

#### *Obligations of the Parties:*

The Lessee: (a) must submit at the beginning of every Hijri year annual compliance reports authenticated by the relevant governmental entities; (b) may only use the Leased Premises / Sadara Complex for permitted purposes; (c) must comply with the Lessor's policies and regulations (including environmental and security); (d) may not engage in obnoxious operations or cause nuisance and must maintain the Leased Premises in good repair; (e) must conform to Saudization and social community requirements; (f) is responsible for the engineering, design and construction of infrastructure and utilities (subject to Lessor's approval), including those located outside the battery limits – ownership of works outside the battery limits will be transferred to the Lessor without charge following initial acceptance and the Lessee must give a 12 month warranty; (g) is responsible for the connection and distribution of utilities within the Leased Premises at its own expense (subject to Lessor's approval); (h) is responsible for the design and construction of new pipelines and associated work during the development phase and maintenance of the Lessee-owned feedstock and product pipelines; (i) must co-operate with the Lessor and contractors to avoid delays to works at the Jubail Industrial City and use due care to avoid injury or damage to persons or property; (j) must obtain all requisite approvals from service providers (including the Lessor) for its water requirements/water system network and power demand and connect to the tapping points; (k) must submit, through the Lessor, requests for telecom channels/frequencies; (l) must pay for utility and telecom services at the established rates in Jubail Industrial City; and (m) must carry out grading works, stabilization of soil and drainage system.

The Lessor (or its assignee with "appropriate capability") provides: (a) rights of access and certain existing infrastructure for bulk material handling between the boundary of the Leased Premises and the Lessor's boundary at King Fahd Industrial Port Causeway (although the Lessee is responsible for the design, construction and maintenance of new infrastructure). Transportation methods for materials require the Lessor's approval and the Lessor may change such transport according to public interest requirements; (b) periodic collection services for solid waste from a point outside the boundary of the Leased Premises; (c) when ready, access to the railway (although construction and connection of infrastructure to the railway network will be at the Lessee's expense, subject to the Lessor's design approval); and (d) use of the pipeline corridors (subject to utilization charges). The Lessor has the right to arrange for inspection and maintenance of the railway lines and the pipelines at the Lessee's cost under an agreed mechanism. The Lessee must share any pipelines used by other companies to transport similar products at the Lessor's request. The Lessor is not responsible for any disruption of utilities or any loss arising therefrom.

#### *Events of Termination:*

The Lessor may terminate the Industrial Land Lease Contract (or a specific service if the default relates to that service) if: (a) the Lessee: (i) abandons the Leased Premises and / or the Sadara Complex; (ii) subleases or assigns the Industrial Land Lease Contract or any interest therein without the Lessor's prior written approval; (iii) ceases to be a validly existing entity; (iv) fails to pay rent and / or any amount due to the Lessor; or (v) fails to comply with any material provision of the Industrial Land Lease Contract; (b) the authorizations issued for the Sadara Complex cease to be in full force and effect; or (c) there is recurring environmental pollution, and, in each case, the Lessee fails to either (x) correct the default within 90 days of notice from the Lessor or (y) provide satisfactory evidence that the default will be corrected within a period acceptable to the Lessor.

Upon termination of the Industrial Land Lease Contract, the Lessee will have six months (with the consent of the Lessor) within which to reach agreement with the Lessor to transfer the Sadara Complex to another entity or, failing agreement, reinstate the Leased Premises to its original condition within 18 months from the earlier of failing to reach agreement or termination of the Industrial Land Lease Contract. The Lessee will continue to pay rent / charges until the Leased Premises have been reinstated. If the Lessee fails to reinstate, it will be liable for all expenses incurred by the Lessor in reinstating.

#### *Return of Premises:*

If the Lessee is not using all of the Leased Premises (and cannot demonstrate to the Lessor's satisfaction that it will use that area), the Lessor can sequentially: (a) apply escalated rental; (b) direct the Lessee to lease that unused part to another entity; and (c) repossess the relevant area.

#### *Sublease and Assignment:*

The Lessee cannot sublease or charge the Leased Premises, or assign the Industrial Land Lease Contract, without the Lessor's prior written consent. The Lessor can freely assign its rights / obligations under the Industrial Land Lease Contract to another legal entity within The Kingdom with appropriate capacity, following which it will be released from its obligations.

The Lessor has provided in a letter dated 7 Muharram 1434H (corresponding to 21 November 2012G) its approval of a transfer of the Lessee's rights under the Industrial Land Lease Contract to the Musharaka.

The Issuer is of the view that Lessor's approval of this issuance is not required.

#### *Insurance:*

The Lessee must maintain Third Party Liability Insurance in a minimum amount of SAR10 million for any one occurrence from an insurer licensed by and registered with the SAMA. The Lessor can require the Lessee to increase coverage to maintain compatibility with the Lessor's liability exposures. The Lessor and its management services contractor will be the insured parties. Insurers are required to waive their rights of subrogation against the Lessor and its employees.

#### *Force Majeure Events:*

The Industrial Land Lease Contract contains a customary force majeure definition. A Party affected by force majeure is entitled to an appropriate extension of time to perform its affected obligations.

#### *Liability and Indemnification:*

The Lessee must indemnify, defend and hold harmless the Lessor (and its authorized representatives and their respective employees and representatives) from all claims and liabilities arising from: (a) construction, operation or management of the Leased Premises/Sadara Complex by the Lessee, any condition created therein or any negligence/oversight by the Lessee or its employees; and (b) receipt or use by the Lessee's employees of any services / facilities provided by the Lessor unless caused by the sole active negligence or willful misconduct of an indemnified party.

The Lessee is responsible for and must correct any damage arising from its own negligence, abuse or damage to its pipelines. The Lessor reserves its right to take (or for its authorized entity to take) corrective action and collect incurred expenses if the Lessee fails to do so.

#### *Dispute Resolution:*

The Parties will attempt to settle all disputes in good faith by whatever means they deem appropriate (including referral to experts), failing which the dispute will be finally resolved by the Board of Grievances.

#### *Governing Law:*

The Industrial Land Lease Contract is governed by the laws of The Kingdom.

## **GENERAL SERVICES AGREEMENT**

#### *Parties:*

Saudi Arabian Oil Company (the **Saudi Aramco Service Provider**), Dow Saudi Arabia Holding B.V. (the **Dow Service Provider**, and together with the Saudi Aramco Service Provider, the **GSA Service Providers**) and Sadara (together, the **Parties**).

#### *Purpose:*

The General Services Agreement establishes the procedures, terms and conditions under which the GSA Service Providers will provide (or procure the provision of) certain technical and non-technical services to Sadara (e.g., accounting and financing, human resources, contracting, project management, legal, IT, marketing and business services) (**Shareholder Services**) as detailed in each service addendum.

*Shareholder Services:*

Sadara may request Shareholder Services from either GSA Service Provider via a service request. A GSA Service Provider has 30 days from receipt of a service request (or such other period reasonably determined by Sadara) to (if it is willing to provide such Shareholder Service) deliver a service addendum detailing the applicable fees and any special terms. A GSA Service Provider may also offer to provide Shareholder Services by delivering a service addendum to Sadara. If Sadara agrees to the terms of a service addendum, Sadara and the GSA Service Provider (or its Affiliate) will sign it. Once signed, each service addendum will incorporate the terms of the General Services Agreement (save in the event of any conflict, where the General Services Agreement will prevail unless otherwise agreed) and will form a separate contract between the parties thereto.

Shareholder Services must meet internationally recognized Good Industry Practice and standards generally accepted in the chemical industries, as may be further defined in a service addendum. If a Shareholder Service is substandard, then within three months after the service was provided, the GSA Service Provider must either (at Sadara's election) correctly re-perform such Shareholder Service at no cost to Sadara or refund any amounts paid by Sadara for such Shareholder Service. Such re-performance or refund is (save in the case of a GSA Service Provider's (or its related person's) willful misconduct) Sadara's exclusive remedy and a GSA Service Provider's exclusive liability in respect of a substandard Shareholder Service.

Unless otherwise agreed, the GSA Service Providers make no representations, warranties or guarantees in respect of any Shareholder Service. GSA Service Providers may (subject to the execution of confidentiality agreements) subcontract performance of Shareholder Services or use Affiliates to perform Shareholder Services. GSA Service Providers remain responsible for performance non-performance by such subcontractors or Affiliates.

Each Party must obtain consents required by it to perform the Shareholder Services. Sadara is responsible for any incremental costs incurred by a GSA Service Provider in obtaining such consents.

Parties to a service addendum may request changes to the Shareholder Services and shall negotiate terms for such changes in good faith in accordance with the procedure in the General Services Agreement. Sadara shall reimburse reasonable costs incurred by the GSA Service Provider from such changes.

*Compensation for Shareholder Services:*

Compensation for Shareholder Services may be either: (i) fixed-price; or (ii) time and materials charges. If compensation is fixed-price, then a reasonable market-based margin shall be also included in the fixed-price. If compensation is based on time and materials charges, then such charges shall consist of: (a) manpower costs incurred by the GSA Service Provider (or its Affiliates) in performing the Shareholder Services, (b) disbursements made by a GSA Service Provider on Sadara's behalf for materials, supplies, or contracted services (invoiced to Sadara at cost plus 5%); and (c) a margin based on a reasonable market rate and the manpower costs incurred by the GSA Service Provider.

Where appropriate, Sadara and the GSA Service Provider will agree on an estimate (subject to agreed assumptions) for any Shareholder Service charged on a time and material basis prior to performance of that Shareholder Service. The GSA Service Providers will notify Sadara of cost overruns of more than 10% of that estimate.

*Indemnification and Limitation on Liability:*

Sadara indemnifies, releases, defends and holds harmless each GSA Service Provider (and certain related persons) from and against all costs (including reasonable attorney's fees) liabilities, claims or demands arising out of or in connection with the performance or non-performance of Shareholder Services which in any manner is, directly or indirectly, caused, occasioned or contributed to, in whole or in part, by: (i) a breach of the General Services Agreement (other than to the extent caused by the GSA Service Provider's (or its related persons') willful misconduct or due to substandard performance); (ii) Sadara's sole negligence, willful misconduct, intentional act or fault; (iii) the GSA Service Provider's (or its related persons') sole negligence, gross negligence or fault; (iv) concurrent negligence, gross negligence or fault of any combination of Sadara, the GSA Service Provider or its related persons; and (v) by operation of law or any violation or failure to comply with any Applicable Law or requirement of any governmental entity, in each case whether the sole or a contributory factor.



The GSA Service Providers are not liable to Sadara for any failure to perform their obligations if and to the extent such failure is caused by wrongful (including tortious) actions by Sadara or a third party acting on behalf of Sadara or the failure of Sadara or such third party to comply with requirements in the service addenda. Sadara is responsible for additional costs incurred by a GSA Service Provider in connection with such failure. The aggregate liability of each GSA Service Provider (and its related persons) shall not exceed the fee paid for the Shareholder Service that gave rise to the liability (unless the damages are directly and proximately caused by the willful misconduct of a GSA Service Provider (or its related person)).

No Party has any liability for any consequential loss (including loss of profit) other than losses arising from confidentiality rights or obligations.

#### *Force Majeure:*

The General Services Agreement contains a customary force majeure provision.

#### *Term:*

The term of the General Services Agreement is from 30 October 2011 until the second anniversary of the first date on which no service addendum is in effect. The term of each service addendum is set forth therein. All service addenda terminate upon termination of the General Services Agreement.

#### *Termination:*

Unless otherwise agreed, any Party may terminate (in whole or part) a service addendum to which it is a party: (a) without cause on 90 days' notice; (b) as a result of a default (see below); or (c) as a result of the Dow GSA Service Provider issuing a put notice to the Saudi Aramco Shareholder where the Saudi Aramco Shareholder is in default under the Shareholders' Agreement. The GSA Service Providers will co-operate in good faith to conclude / transition Shareholder Services within three months of issuance of the put notice.

If a Party to a service addendum is in default of a material obligation and does not, or cannot, remedy such default within 45 days of receipt of a notice of default from the non-defaulting party (and is not diligently endeavoring to remedy such default), the non-defaulting party may terminate that service addendum by notice specifying a termination date falling no earlier than 30 days after expiry of the initial 45 day period.

#### *Assignment:*

Sadara may assign or otherwise dispose of its rights and obligations under the General Services Agreement as security to the Funders. The Funders may assign or otherwise dispose of such assigned rights to: (a) anyone acquiring the Project as a result of the enforcement of such security; or (b) a successor of Sadara and its business. The GSA Service Providers may assign the General Services Agreement or any service addendum to certain Affiliates. Any other assignment requires the prior written consent of the other Parties. Sadara remains bound by the confidentiality terms of the General Services Agreement despite any assignment.

#### *Disclosure:*

The terms of the Omnibus Confidentiality Agreement apply to the General Services Agreement. If Sadara is party to an agreement with more stringent confidentiality provisions than the Omnibus Confidentiality Agreement, the more stringent provisions shall apply.

#### *Dispute Resolution:*

The General Services Agreement includes dispute and expert resolution procedures which provide for initial negotiation and then, if necessary, final and binding resolution by a three person arbitration tribunal in London, pursuant to the ICC Rules. There are provisions for joinder with disputes under other agreements relating to the Project. Certain specified disputes shall be determined by an expert in accordance with the ICC Rules.

#### *Governing Law:*

The General Services Agreement is governed by English law.

*Executed Service Addenda:*

Service addenda, each dated 1 January 2012, have been entered into relating to the provision of services to: (a) assist Sadara in its relationships with third parties (e.g. by reviewing options for the third party sourcing of raw materials, value park investors and construction of utilities to support the Project); (b) provide to Sadara qualified business, technical and engineering personnel to assist in executing and implementing the Project; (c) assist Sadara in its manufacturing programme (e.g. develop an organization structure, training programme and recruitment and staffing plan); and (d) assist Sadara in its finance programme. Each service addendum will terminate when the Shareholder Services under such service addenda are completed.

**MAIN AUTOMATION CONTRACT FRAMEWORK AGREEMENT***Parties:*

Aramco Services Company, Dow, (together, with Aramco Services Company, the **Owner**); and ABB Incorporated (**MAC**) (together **Parties** and each a **Party**).

*Purpose:*

The MACFA sets out the terms on which the Owner engages MAC to supply an IPCS and related services.

*Term:*

The MACFA will terminate on the later of: (i) ten years from 17 January 2011; or (ii) expiry of all warranty periods in respect of the Aggregate Work, including any extended warranty periods and MAC's obligations in respect of Systemic Defects.

*Purchase Orders:*

The MACFA acknowledges that the Owner will enter into separate contracts with EPC contractors to undertake construction or related works at the Sadara Complex and that the Owner wishes MAC to carry out portions of the Aggregate Work for both the Owner and the EPC contractors (each a **Purchaser**) as part of such separate contracts. Each Purchaser may instruct MAC to carry out work by issuing a purchase order to MAC (each such purchase order being a binding contract).

*Aggregate Work:*

MAC's scope of work (including for purchase orders) (the **Aggregate Work**) comprises: (a) the works and services set out in the MACFA schedules; (b) all other works, services and obligations to be carried out by MAC under purchase orders; and (c) any incidental work and / or services that can be reasonably inferred as necessary / required to complete the works and services in (a) and (b). MAC can also be instructed under any purchase order to carry out work not specifically set out in the MACFA, provided such work falls within the supply of IPCS and related services required to be provided by MAC for the Sadara Complex.

MAC will provide all goods (including tools and spare parts), materials, equipment, instruments licenses, personnel, supervision and other things required for use in the facilities and for the IPCS to function in accordance with all requirements of the MACFA and each purchase order.

MAC warrants: (a) to carry out and complete all works and services to a standard at least in accordance with applicable World Bank guidelines, all Applicable Laws and permits, and as would be expected by a highly skilled and experienced international turnkey process automation system contractor engaged in similar work in similar circumstances; (b) that the Aggregate Work and IPCS shall: (i) be free from defects; (ii) be fabricated in accordance with all applicable designs and specifications and good and efficient fabrication, and manufacturing practices; (iii) operate in accordance with the performance and other criteria specified in the MACFA (save for inaccuracies which MAC must correct); and (iv) be fit for purpose; and (c) that, upon completion, the IPCS shall comply with, and be operable in accordance with, the requirements of the MACFA and all Applicable Laws and permits.

MAC may not solicit the Owner's (and related persons') employees without the Owner's consent.

*Contract Payments:*

Aggregate Work shall be carried out by MAC in return for payment by the Purchasers of the Aggregate Work Price. The Work Price (subject to adjustment pursuant to the terms of the purchase orders) for each purchase order is the sum of the following:

1. amounts payable in respect of MAC carrying out any reimbursable work (as specified in the MACFA) under a purchase order; and
2. the Lump-Sum Price.

MAC will carry out the Aggregate Work for no more than the Aggregate Work Price and will not be permitted to adjust the Aggregate Work Price (or any Work Price) for increases in MAC's costs and expenses in providing the Aggregate Work (including increased costs from currency fluctuations, increased labor costs etc.). Subject to adjustments contained in the purchase orders, all prices specified in the MACFA will be fixed and are not subject to escalation up until the end of 2013.

Following the end of 2013, certain rates and prices set out in the MACFA may, subject to certain conditions, increase by up to 3% per year. Additionally, certain Lump-Sum Prices are subject to change if, during the FEED process, the scope of the IPCS specification relevantly changes. If after the year 2020 the prices specified in the MACFA do not represent reasonable market prices for similar equipment and services, a reasonable price adjustment may be made.

*Schedule for the Aggregate Work*

The MACFA provides that the MAC and the Owner shall, acting in good faith, agree upon scheduled milestone and completion dates for the Aggregate Work to be recorded in purchase orders.

*Systemic Defects:*

MAC shall correct any common design, mechanical or production defects (a **Systemic Defect**) reasonably determined by Owner to be subsisting and notified prior to expiry of the relevant warranty period at its own cost.

If a Systemic Defect is corrected less than one year before the expiry of the relevant warranty period, then the warranty period in respect of the repaired item and all items common or similar to it in the Aggregate Work shall automatically be extended by one year, commencing on the date of acceptable correction of the Systemic Defect.

If a latent defect appears in any part of the Aggregate Work within five years after the end of the relevant warranty period, MAC must make it good if the defect was caused by MAC which implies either (in essence) a negligent or willful failure to pay due regard to the consequences of the defective work and which would not have been disclosed by the end of the respective warranty period. After the make good, the corrected work will be warranted for a further period of one year.

*Parent Company Guarantee:*

The MAC is not entitled to receive any payments owing to it from Purchasers under any purchase orders until Owner has received a parent company guarantee (in form acceptable to the Owner), duly executed by the ultimate owner of MAC (or from such other person as is acceptable to the Owner).

*Force Majeure:*

The MACFA contains a customary force majeure provision.

*Termination:*

The MACFA provides a unilateral termination right in favor of the Owner at any time upon written notice to MAC. MAC is not entitled to any relief or compensation at any time in relation to such a termination.

The expiry or termination of the MACFA will not affect any purchase order existing at the date of expiry or termination. If the Owner (as Purchaser) under any purchase order is, however, entitled to terminate a purchase order for cause, the Owner shall be entitled to terminate that purchase order and all existing purchase orders to which it is a party, regardless of whether such other purchase orders contain a right to terminate or not.

*Step-in rights for Breach or Default of EPC contractor:*

MAC must give the Owner 60 days' written notice prior to exercising any termination right it may have under a purchase order with an EPC contractor. If, within 60 days of receipt of the notice, the Owner notifies MAC of its intention to enter (or its nominee to enter) into a new purchase order for the applicable works on the same terms as the purchase order which MAC wishes to terminate, MAC will immediately enter into the new purchase order and, immediately following such execution, terminate the notified purchase order.

Any works carried out under the terminated purchase order shall be regarded as forming part of the work under the new purchase order. The Owner or its nominee shall be liable (from the effective date of the new purchase order) to pay for work and services performed by MAC, to the extent such works have not been paid for by the EPC contractor under the terminated purchase order. If the breach or default of the EPC contractor is remedied and MAC withdraws its notice to terminate within the 60 day notice period without any claim against the EPC contractor, then the right of the Owner or its nominee to enter into the new purchase order shall cease.

*Long-term Services Agreement:*

If requested by the Owner, MAC will enter into a long-term services agreement with the Owner (or its nominee) in respect of the Aggregate Work. Such long-term services agreement will not be affected by any subsequent expiry or termination of the MACFA.

*Confidentiality:*

MAC agrees not to disclose to any person, or use directly or indirectly (except in the performance of its obligations under the MACFA) any Owner confidential information (as described in the MACFA) except with the Owner's prior written consent.

*General Indemnities:*

MAC indemnifies the Owner and its related persons in respect of all claims relating to bodily injury and / or property damage of any third party caused by MAC or its related persons in connection with the Aggregate Work, the MACFA or any purchase order. Separately, MAC indemnifies the Owner and its related persons against all claims for bodily injury or damage to property of any of MAC's related persons in connection with the Project, irrespective of who caused the injury.

The Owner indemnifies MAC and its related persons against all claims in connection with bodily injury of any of the Owner's related persons, irrespective of who caused the injury. The Owner also indemnifies MAC and its related persons against all claims in connection with damage or loss to the plant, buildings, equipment or any other property of the Owner and its related persons, but only to the extent such loss exceeds USD100,000, irrespective of who caused the damage or loss.

*Consequential Damages:*

Subject to certain stated exclusions, neither Party shall be liable to the other for any consequential loss (including loss of profits or revenue). Other than in relation to a breach of its confidentiality obligations, MAC's maximum liability for any claim under the MACFA shall not exceed 100% of the amount paid by the Owner under the MACFA plus the total amount paid under purchase orders as of the date giving rise to the claim, and in no event shall exceed USD100 million. All causes of action against MAC arising out of or related to the MACFA will expire unless brought within one year of the time of accrual thereof.

#### *Deed of Indemnity:*

As a condition precedent to MAC's right to access the Sadara Complex, on the date of execution of the MACFA, MAC was required to enter into a deed of indemnity (in the form set out in the MACFA) and obtain the signature of the guarantor to the same, in order to establish a mutual cross-indemnity arrangement with the other contractors working on the Sadara Complex site. Pursuant to the deed of indemnity, MAC indemnifies the other contractors working on-site against personal injury and property damage suffered by MAC or any of its affiliates who are involved in providing any part of the works under the MACFA. In addition, MAC indemnifies the other contractors against any claims arising from or related to the willful misconduct or fraud of MAC, or any breach by MAC of any Applicable Law in the performance of its obligations under the MACFA.

#### *Insurance:*

MAC must effect and maintain at all times during the term of the MACFA, adequate workmen's compensation, general liability and automobile liability insurance policies with specified limits.

#### *Governing Law and Dispute Resolution:*

The MACFA is governed by the English law and any disputes will be finally resolved by arbitration in accordance with ICC Rules.

#### *Assignment and Subcontracting:*

The Owner may at any time (and without MAC's consent) assign or novate any of its rights and / or obligations to any member of the Owner group or to the Owner's lenders. Subject to the foregoing, any assignment, novation, charge or Encumbrance by either the Owner or MAC to third parties requires the prior written consent of the other Party. MAC cannot subcontract or delegate any of its obligations or duties in whole or in part, to any party at any time without the prior written consent of the Owner.

#### *Failure by MAC to Perform:*

If MAC fails to perform any of its obligations under the MACFA, the Owner may (upon providing MAC with 14 days' prior written notice) perform MAC's obligations or cause them to be performed, at MAC's risk and cost and without limitation or prejudice to any other remedies the Owner may have.

#### *Owner not Liable for EPC contractors:*

The Owner shall not in any circumstance be liable to MAC in relation to any purchase order entered into by any EPC contractor and / or in connection with any act or omission of any EPC contractor, save for circumstances where the Owner or its nominee has entered into a new purchase order with MAC following service of a termination notice by MAC for a default or breach by an EPC contractor under a purchase order (as described above).

## **TECHNOLOGY AGREEMENTS**

Sadara has entered into licensing and technology transfer agreements with certain of the counterparties described in the section of this Prospectus entitled "*Business Overview – Technology And Licensing*". These agreements govern the terms and conditions under which Sadara has access to the technology developed and patented by the licensors, such technology being necessary for the operation of the various units that comprise the Sadara Complex.

### **1. TECHNICAL SERVICES AGREEMENTS**

Dow Saudi Arabia Company has entered into: (a) In-Kingdom Pre-Acceptance Technical Services Agreements (**IK-PRE-TSAs**); and (b) In-Kingdom Post-Acceptance Technical Services Agreements (**IK-POST-TSAs**); and DEH will enter into: Out-of-Kingdom Post-Acceptance Technology Services Agreements (**OOK-POST-TSAs**). There is a TSA for each of the following Dow technologies: (i) solution polyethylene; (ii) solution elastomers; (iii) PG; (iv) METEOR™ HEXTEO™ EO; (v) PMDI; (vi) TDI; (vii) polyols (DMC); (viii) polyols (KOH); (ix) amines (EOA and EA); (x) BGE; (xi) HPPO; (xii) chlor alkali; and (xiii) high pressure low-density polyethylene.

*Parties:*

Each IK-PRE-TSA and IK-POST-TSA is entered into between Dow Saudi Arabia Company (the **TSA Service Provider**) and Sadara (the **Receiver**) (together **Parties** and each a **Party**).

Each OOK-POST-TSA is entered into between DEH (with respect to an OOK-POST-TSA, the **TSA Service Provider**) and Sadara (the **Receiver**) (with respect to an OOK-POST-TSA, together **Parties** and each a **Party**).

*Purpose:*

The TSA Service Provider will, directly or through its Affiliates, provide to the Receiver services to support, in respect of: (a) each IK-PRE-TSA, commissioning and start-up of the Plant and test-runs on or before acceptance of the Plant, including inspections; and (b) each IK-POST-TSA and OOK-POST-TSA, ongoing routine assistance to help the Receiver establish a level of independence to support its day-to-day operations, including assistance in operation and maintenance of the Plant, use and handling of catalysts, handling of product, and other additional services following acceptance of the Plant (the **TSA Services**). TSA Services under the OOK-POST-TSA will be performed outside The Kingdom. Additional services, such as engineering, training and research and development may also be provided under the IK-POST-TSAs and OOK-POST-TSAs pursuant to service addenda.

*Term:*

Each IK-PRE-TSA commences on the date of execution by both Parties and expires on the plant acceptance date as defined in the corresponding Dow Technology License Agreements.

Each IK-POST-TSA and OOK-POST-TSA takes effect on the plant acceptance date and ends on the 15th anniversary of the plant acceptance date. The term automatically extends for successive one year periods, unless terminated by notice of non renewal at least 12 months prior to expiration of the initial or extended term.

*Termination:*

Each TSA may be terminated by the TSA Service Provider: (a) immediately on written notice (or in respect of each IK-POST-TSA and OOK-POST-TSA upon six months' written notice) if the Receiver is in material breach of a payment or confidentiality obligation, as confirmed by an arbitral decision, which has not been cured within 60 days of such arbitral decision; (b) upon termination of the relevant Dow TLA; or (c) as set forth in a Put Notice.

If a Party to an IK-PRE-TSA substantially fails to perform a material obligation (and fails to cure the default within 60 days), the non defaulting Party may suspend performance of its own obligations related to the breach upon written notice. A Party to an IK-PRE-TSA may also suspend performance following a pattern of late payment or non-payment by the other Party.

The Receiver may terminate an IK-POST-TSA or OOK-POST-TSA at any time upon 12 months' prior written notice.

*Cost:*

Each IK-PRE-TSA specifies the fee payable by the Receiver to the TSA Service Provider for TSA Services. Under each IK-POST-TSA and OOK-POST-TSA: ongoing routine assistance and additional assistance shall be provided for specified fees.

*Force Majeure Event:*

The TSAs contain customary force majeure provisions and definitions of "force majeure events". Such force majeure events affecting substantially all of the obligations of one or both Parties will extend the term of the TSA for a period equal to that during which the performance of such obligations was prevented or delayed (not exceeding 12 months). Such a force majeure event shall not relieve a Party's payment obligations.



#### *Remedies:*

If the TSA Service Provider delivers a substandard Service then the TSA Service Provider shall, in respect of each: (a) IK-PRE-TSA, promptly and correctly re perform at its own cost such substandard Service of which it becomes aware or is notified within six months of the acceptance of the Plant; and (b) each IK-POST-TSA or OOK-POST-TSA, either correctly re perform any substandard Service without further cost to the Receiver or refund Receiver for amounts paid for such Service provided the Receiver notifies the TSA Service Provider in writing no later than three months after the substandard Service was delivered. In respect of each IK-POST-TSA and OOK-POST-TSA, the TSA Service Provider has no obligation to incur manpower costs or out-of-pocket costs for corrective re-performance that exceed the amount originally invoiced, unless the Receiver agrees to pay any excess.

Except in the case of the TSA Service Provider's (or its related persons') willful misconduct (and in the case of the IK-PRE-TSAs, without prejudice to the benefit of any remedies available to the Receiver under the Dow TLA) corrective re-performance of the TSA Services or refund shall be the Receiver's exclusive remedy with respect to the substandard Service.

#### *Indemnities:*

Each Party shall defend, indemnify and hold harmless the other Party (and, if applicable its related persons) from any claim or liability arising from illness, injury or death of such Party's employees or representatives or loss or damage to such Party's employees or other representatives' property that arises from such Party's or its representatives' performance or receipt of services under the TSA (or operation of the Plant in the case of the IK-PRE-TSAs). The Receiver shall defend, indemnify and hold harmless the TSA Service Provider (and, if applicable its related persons) for defined liabilities/losses arising from the design, construction, maintenance, supervision, or operation and safety of the Receiver's products or facilities or the equipment therein.

#### *TSA Service Provider's Liability Cap:*

Save in the case of damages that are directly or proximately caused by the TSA Service Provider's (or its related persons') willful misconduct or willful, material breach, the TSA Service Provider's (or its related persons') aggregate liability under a TSA (including under tort and for non willful or non-material breach) is capped. Neither Party will be liable to the other for any indirect or consequential loss.

#### *Governing Law:*

Each TSA is governed by English law.

#### *Confidentiality:*

The terms of the Omnibus Confidentiality Agreement shall apply to the TSAs. In respect of each IK-PRE-TSA, after expiry of the Omnibus Confidentiality Agreement or termination in accordance with its terms, Receiver will not be permitted to use or make any disclosure of technical confidential information to support any third party to use, for any excluded use, information disclosed or connected with the license and engineering of the Plant to the extent that it would have constituted Technical Confidential Information under the Omnibus Confidentiality Agreement.

#### *Dispute Resolution:*

The TSAs provide for initial negotiation and then, if necessary, final and binding resolution by a three person arbitration tribunal in London, pursuant to the ICC Rules. There are provisions for joinder with disputes under other agreements relating to the Project. Certain specified and agreed items shall be determined by an expert in accordance with the ICC Rules.

#### *Guarantees:*

The performance and payment obligations of Dow Saudi Arabia Company in respect of each TSA are guaranteed by DEH under separate guarantees. The performance and payment obligations of DEH are guaranteed by Dow under separate parent guarantees.

## 2. TECHNOLOGY LICENSE AGREEMENTS

### HPPO MANUFACTURER LICENSE AGREEMENT (HPPO TLA)

#### *Parties:*

DEH (the **Licensor**) and Sadara (the **Licensee**).

#### *Purpose:*

The Licensor licenses to the Licensee patents and technology and will provide technical assistance and training to the Licensee to manufacture products made at the Sadara Complex.

#### *Term:*

The earlier of: (a) the shorter of (i) 30 years; and (ii) the date on which the Dow Founding Shareholder ceases to have at least 25% equity ownership interest in the Licensee; or (b) the date on which the HPPO TLA is earlier terminated pursuant to specified early termination provisions of the HPPO TLA, or the date on which the Dow Founding Shareholder ceases to be a shareholder as a result of delivering a Put Notice to the Saudi Aramco Founding Shareholder.

#### *Termination:*

The Licensor may immediately terminate the HPPO TLA by written notice to the Licensee if: (a) the Licensee is in a material breach of a payment or confidentiality obligation or the license grant; or (b) Saudi Arabian Oil Company unreasonably withholds the renewal of certain feedstock supply agreements while the Licensor or its Affiliate owns an equity interest in the Licensee; and such breaches have been confirmed by an arbitral decision and are not cured after 60 days of such decision.

#### *Scope of License Grant:*

The Licensor grants to the Licensee an irrevocable, non-exclusive license under the licensed patents technology, and related improvements of the Licensor or its Affiliates and to use the licensed technology to: (i) design, procure, construct, own, start-up, maintain and modify the HPPO plant; (ii) operate the HPPO process for the production of product and any by-products in the HPPO plant; (iii) use catalyst in the HPPO process to make product in the HPPO plant; (iv) use, sell, transfer and export product and by-products produced in the HPPO plant; and (v) extend to its direct or indirect customers a license for the use or sale of product and any by-products made by the Licensee in accordance with the terms of this HPPO TLA.

#### *Pre-existing Obligations:*

The HPPO license is granted subject to certain pre-existing obligations to which the Licensor is subject under a separate agreement with BASF and BASF Dow HPPO Technology B.V.

#### *Capacity Expansion:*

The license contains terms governing capacity expansion.

#### *Training Services:*

The Licensor will provide specified training services (e.g. training programmes and training manuals) for the Licensee's trainees in connection with the licensed technology at no additional fee. The Licensee will pay the costs for its trainees, including salaries, travel and living expenses.

#### *Technical Support Services:*

The Licensor will only provide out-of-Kingdom services (defined in the HPPO TLA) that the parties agree are necessary for the successful start-up of the HPPO plant on or before plant acceptance under the HPPO TLA. In-Kingdom services on or before plant acceptance are addressed in a separate agreement.

After acceptance of the plant, the Licensor or a Licensor Affiliate will provide in-Kingdom and out-of-Kingdom technical support to the Licensee pursuant to separate Technical Services Agreement(s).

*Improvements:*

The Licensor and the Licensee will coordinate and discuss HPPO process research and development, with meetings between the Licensor and the Licensee to be held periodically to disclose and discuss improvements.

*Access to Major Advances:*

Upon request during the term, the Licensor and the Licensee will offer their major advances to the other on commercially reasonable terms and conditions to be agreed.

*Payment:*

The Licensee will pay to the Licensor a lump-sum license fee, as set out in the HPPO TLA. Late payment fees will be incurred for any late payments by the Licensee.

*Performance Guarantees and Liquidated Damages:*

The Licensor warrants that the plant will produce product and meet certain performance specifications, as detailed in the HPPO TLA and will pay liquidated damages for a performance warranty failure.

*Warranties:*

The Licensor makes certain representations and warranties to the Licensee in respect of the basic engineering package, other disclosure documents and services rendered. The Licensor also warrants and represents: (i) its ability to grant the license subject to certain pre-existing obligations; (ii) that the Licensor has disclosed any pre-existing obligations that could be reasonably expected to have a significant impact on the ability of the Licensee to construct and operate the HPPO plant; and (iii) that the Licensor does not have actual knowledge of any pending intellectual property claims.

*Indemnities:*

Subject to certain conditions, the Licensor agrees to defend the Licensee at its own cost against third party indemnified intellectual property claims up to a cap.

The Licensee and the Licensor will both indemnify the other for any claims arising from illness, injury or death, or loss of damage to the personal property of each other's employees or representatives arising from the relevant party's performance under the HPPO TLA or operation of the HPPO plant.

The Licensee will defend and indemnify the Licensor from defined claims arising from the operation of the plant, the use of licensed technology by the Licensee or its related persons, or the manufacture, use, disposal, marketing or sale of any products made in the plant, except to the extent that such claim is an indemnified IP claim for which Licensee is indemnified.

*The Licensor's Liability Caps:*

The general and aggregate liabilities of the Licensor and its related persons to the Licensee and its related persons arising from the HPPO TLA and activities under it are capped. These caps do not apply to liability for damages that are directly and proximately caused by willful misconduct of the Licensor or its related persons. Any payments by the Licensor for liquidated damages under the HPPO TLA and all sums withheld by the Licensee from payments under the HPPO TLA, except for withholding of creditable taxes, shall be applied against the aggregate liability cap.

*Extraordinary Damages:*

In no event shall a party be liable to the other party for any consequential, special, punitive, exemplary, indirect or incidental damages arising from the HPPO TLA.

*Force Majeure:*

The HPPO TLA contains a customary force majeure provision.

*Governing Law:*

The HPPO TLA is governed by English law.

*Assignment/Transfer:*

The Licensor may only assign the HPPO TLA in certain circumstances. The Licensee can assign the HPPO TLA to its wholly-owned affiliate upon prior written notice to the Licensor and such assignment can be used as security for its indebtedness in order to finance the construction costs of the HPPO plant *provided that* the finance agreements contain reasonable restrictions to avoid the assignment or transfer of the HPPO TLA or confidential information to or operation of the HPPO plant by a prohibited party.

*Dispute Resolution:*

The HPPO TLA provides for initial negotiation and then, if necessary, final and binding resolution by a three person arbitration tribunal in London, pursuant to the ICC Rules. There are provisions for joinder with disputes under other agreements relating to the project. Certain specified and agreed items shall be determined by an expert whose determination shall be administered in accordance with the ICC Rules.

## DOW TECHNOLOGY LICENSE AGREEMENTS

Sadara has entered into technology License Agreements to be licensed under each of the following Dow technologies: solution polyethylene, solution elastomers, PG, METEOR™ HEXTEO™ EO, PMDI, polyols (DMC), polyols (KOH), amines (EOA and EA), BGE, TDI, chlor-alkali, and high pressure low-density polyethylene.

*Parties:*

DEH (**Licensor**) and Sadara (**Licensee**).

*Purpose:*

The Licensor licenses to the Licensee patents and technology and will provide technical assistance and training to Licensee to manufacture products made at the Sadara Complex.

*Term:*

Unless otherwise agreed, the Dow TLAs shall remain in force until the earlier of: (a) the later of: (i) 30 years; and (ii) the date on which the Dow Founding Shareholder ceases to be a shareholder; or (b) the date on which the Dow TLA is earlier terminated pursuant to specified early termination provision of the Dow TLA; or the date on which the Dow Founding Shareholder ceases to be a shareholder due to delivering a Put Notice to the Saudi Aramco Founding Shareholder.

*Termination:*

The Licensor may immediately terminate the Dow TLAs by giving written notice to the Licensee if, as confirmed by an arbitral decision, which has been not cured after 60 days of such decision: (a) the Licensee is in a material breach of a payment or confidentiality obligation; or (b) Saudi Aramco unreasonably withholds the renewal of ethane or naphtha supply agreements while the Licensor or its Affiliate owns an equity interest in the Licensee.

*Scope of License Grant:*

The Licensor grants to the Licensee an irrevocable, non-exclusive license under the licensed patents and to use the technology and improvements thereto to: (i) manufacture or procure certain catalysts; (ii) design, procure, construct, own, maintain, modify and operate the plant; (iii) make product up to a specified nameplate capacity

plus any permitted capacity growth subject to terms of the relevant Dow TLA; (iv) conduct research and development on certain catalysts; and (v) use and sell product in all countries of the world.

*Pre-existing Obligations:*

The licenses for the above listed technologies are granted subject to certain pre-existing obligations on the Licensor, detailed in each Dow TLA.

*Capacity Expansion:*

The license contains terms governing capacity expansion.

*Training Services:*

The Licensor will provide specified training services (e.g. training programmes and training manuals) for the Licensee's trainees in connection with the licensed technology at no additional fee except that the Licensee shall bear costs and expenses of the Licensee's trainees, including salaries, travel and living expenses.

*Technical Support Services:*

The Licensor will only provide defined out-of-Kingdom services on or before plant acceptance under the relevant Dow TLA. In-Kingdom services on or before plant acceptance are addressed in a separate agreement.

After acceptance of the plant, the Licensor or the Licensor Affiliate will provide in-Kingdom and out-of-Kingdom technical support to the Licensee pursuant to separate Technical Services Agreement(s).

*Improvements and Major Advances:*

The Licensor and the Licensee will exchange improvements after plant acceptance for a specified term. Rights granted with respect to improvements are provided free of charge. Improvements shall be provided as is without any representations or warranties, however, the Licensee shall indemnify the Licensor for claims asserted against the Licensor arising from the Licensee's use of the Licensor's improvements.

During the term, the Licensor and the Licensee will notify each other of major advances and upon request a party will negotiate a license to such major advances for due consideration on terms commensurate in scope with the relevant improvements license.

*Payment:*

The Licensee will pay the Licensor a lump-sum license fee dependent on the relevant licensed technology and running royalties (in the case of certain specified products) for the grant of rights and certain defined pre-plant acceptance technical services.

Royalties for solution polyethylene and solution elastomers shall be paid on a quarterly basis for a specified period following start-up of the applicable production line.

Late payment fees will be incurred for any late payments by the Licensee.

*Performance Guarantees and Liquidated Damages:*

The Licensor warrants that the plant will produce certain guaranteed products and meet certain performance specifications, as set out in the relevant Dow TLA.

*Warranties:*

The Licensor warrants with respect to the basic engineering package, other disclosure documents and the quality of services rendered that they shall be prepared and performed with reasonable skill and meet relevant good industry standards. Remedies for the Licensor's breach of these warranties include correction of substandard disclosure documents, re-performance of substandard services, and reimbursement of designated costs and expenses.

The Licensor represents and warrants its ability to grant the license, its disclosure of pre-existing obligations, and lack of actual knowledge of any intellectual property claims. In the event the Licensor breaches such warranties, the Licensor and the Licensee will co-operate at the Licensor's expense to mitigate economic losses to the Licensee, with the Licensor indemnifying the Licensee and holding the Licensee harmless from such economic losses that the Licensee nonetheless suffers.

#### *Indemnities:*

Subject to certain conditions, the Licensor agrees to defend the Licensee at its own cost against each third party indemnified IP claims up to a cap.

The Licensee and the Licensor will indemnify and hold the other party harmless against any claim or liability arising from illness, injury or death, or loss or damage to the personal property of its employees or other representatives that arises from its performance under the relevant Dow TLA or operation of the plant.

The Licensee will defend and indemnify the Licensor from defined claims arising from the operation of the plant, the use of licensed technology by the Licensee or its related persons, or the manufacture, use, disposal, marketing or sale of any products made in the plant, except to the extent that such claim is an indemnified IP claim for which the Licensee is indemnified.

#### *The Licensor's Liability Caps:*

The general and aggregate liabilities of the Licensor and its related persons to the Licensee and its related persons arising from the relevant Dow TLA and activities under it are capped. These caps do not apply to liability for damages that are directly and proximately caused by willful misconduct of the Licensor or certain related persons. Any payments by the Licensor for liquidated damages under the relevant Dow TLA and all sums withheld by the Licensee from payments under the relevant Dow TLA, except for withholding of creditable taxes, shall be applied against the aggregate liability cap.

#### *Extraordinary Damages:*

In no event shall a party be liable to the other party for any consequential, special, punitive, exemplary, indirect or incidental damages arising from the relevant Dow TLA.

#### *Force Majeure:*

The Dow TLAs each contain a customary force majeure provision.

#### *Governing Law:*

The Dow TLAs are governed by English law.

#### *Dispute Resolution:*

The Dow TLAs provide for initial negotiation and then, if necessary, final and binding resolution by a three person arbitration tribunal in London, pursuant to the ICC Rules. There are provisions for joinder with disputes under other agreements relating to the project. Certain specified and agreed items shall be determined by an expert whose determination shall be administered in accordance with the ICC Rules.

#### *Guarantees:*

The performance and payment obligations of DEH are guaranteed by Dow under separate parent guarantees.

### **3. TECHNOLOGY TRANSFER AGREEMENTS**

As the TTAs are, in most respects, very similar to each other, below is an outline of the material terms of one of the TTAs (which, following its novation to Sadara, is made between Sadara and Noram), followed by an outline of the material differences between those terms and those of each of the other TTAs.



## NORAM INTERNATIONAL LTD TECHNOLOGY TRANSFER AGREEMENT

### *Parties:*

Noram International Ltd (the **Licensor**), DEH and Aramco Overseas Company B.V. (together, the **Licensee**), the Licensor and the Licensee each being a **Party**. Please note that this TTA has now been novated from the Licensee to Sadara (as Licensee).

### *Purpose:*

The Licensor licenses specified patents and technology to the Licensee regarding the design, construction, operation and maintenance of a unit to use the Licensed Process with Licensor Information for producing the Licensed Product and provides certain training to Licensee related to the unit.

### *Effective Date and Duration:*

Certain provisions of the Noram TTA came into effect on the date of its execution. The remainder come into full force and effect on the date that the Licensee notifies the Licensor that it wishes to exercise the grants of licenses and other rights. The “Effective Date” of the Noram TTA is the date when the remainder of the terms take effect.

### *Grant of License:*

The Licensor grants the Licensee a non-exclusive right and license under certain technology and patents to use, copy and adapt the:

- (a) basic engineering package, being materials containing information necessary or useful for the Project’s FEED study and for the Licensee’s contractor to proceed with detailed design, construction, testing and commissioning of the unit and for the Licensee to operate and maintain the unit;
- (b) procedures for control, start up, operation and shut down of (and emergencies in relation to), the unit;
- (c) improvements (developed in this case by the Licensor) including modifications to the design of the unit and equipment related to the unit and enhancements of the Licensed Process; and
- (d) the Licensor’s technical information licensable by the Licensor for use in the design, construction, testing and commissioning, operation, maintenance and repair and alteration of commercial plants using the Licensed Process and products manufactured using the Licensed Process (**Licensor Information**),

in the design, construction, operation and maintenance of the unit only.

The Licensor grants the Licensee the right to make the Licensed Product in the unit and sell the Licensed Product anywhere in the world. The Licensor grants the Licensee the right to reproduce and distribute Licensor Information as needed, including the right to disclose the Licensor Information to Affiliates, contractors and / or suppliers as necessary for the design, construction, operation, and maintenance of the unit, subject to certain confidentiality requirements.

The Licensor grants the Licensee and certain others immunity from suit in relation to the grant of rights referred to above or to the use, sale, and/or distribution of Licensed Product from any infringement suit under the patent rights under which and to the extent that Licensor has the right to extend immunity.

### *Exchange of Improvements and Grant-Back, and Undertaking:*

The Licensor and the Licensee will, subject to specific restrictions, exchange improvements with each other.

Specified representatives of the Parties, subject to secrecy obligations imposed by the other Party, may visit each other’s plant annually to evaluate improvements.

*Assistance and Services from the Licensor:*

The Licensor represents and warrants that all assistance and services provided by it shall be performed with all reasonable skill, care and diligence and meet appropriate industry standards. All personnel shall be appropriately trained and experienced.

*Financial matters:*

The Licensee shall pay an aggregate lump-sum fee and purchase certain proprietary equipment from the Licensor in respect of the rights granted under the Noram TTA.

Subject to certain conditions and fees (if applicable), the Licensee may increase unit capacity.

*Infringement of Intellectual Property Rights:*

Subject to certain conditions, the Licensor shall defend, at its own cost, any proceedings brought against the Licensee if it relates to a claim that the unit, the Licensed Process, or the use or sale of a Licensed Product infringes a third party's rights. The Licensor shall also pay any damages and costs assessed against the Licensee in any such proceedings and shall indemnify and hold harmless the Licensee and certain related persons from any related costs, expenses, loss or damage.

*Liabilities:*

The Licensor's liabilities arising under the Noram TTA are subject to a cap. In no circumstances will a Party be liable to the other for any consequential, incidental, exemplary or punitive damages arising from the Noram TTA.

*Force Majeure:*

The TTA contains a customary force majeure provision.

*Governing Law and Dispute Resolution Procedure:*

The Noram TTA is governed by the law of England and Wales, excluding conflict of laws rules. For all claims in connection with the Noram TTA, excluding claims for interim relief, the Parties will first attempt to reach agreement, failing which the dispute will be resolved by final and binding arbitration in London under the ICC Rules.

*Termination:*

Either Party may terminate the Noram TTA where a material breach of the Noram TTA has occurred and the breach has not been remedied within the defined cure period following notice of the breach.

If an arbitrator determines that a Party has materially breached the engineering agreement related to the Noram TTA (or a Party acknowledges such breach), the non breaching Party may terminate the Noram TTA.

In some instances of termination, the Licensee may continue to exercise the license grant subject to applicable conditions.

*Confidentiality:*

The Parties are subject to confidentiality restrictions.

*Performance Guarantees and Performance Test-runs:*

The Licensor warrants that the unit will meet certain performance guarantees and product-quality guarantees as set out in the Noram TTA.

## DIFFERENCES BETWEEN NORAM TTA AND OTHER TECHNOLOGY TRANSFER AGREEMENTS

### JOSEF MEISSNER TECHNOLOGY TRANSFER AGREEMENT

#### *Parties:*

Josef Meissner GmbH & Co. KG (the **Licensor**), DEH and Aramco Overseas Company B.V. (together, the **Licensee**), the Licensor and the Licensee each being a Party. Please note that this TTA has now been novated from the Licensee to Sadara.

#### *Scope:*

The Josef Meissner TTA relates to rights and licenses in respect of the manufacture of DNT.

#### *Financials:*

Payment for proprietary equipment is not included in payments required for full payment of licenses under the Josef Meissner TTA. However, the Licensee's purchase of proprietary equipment from the Licensor per a separate agreement is contemplated in the Josef Meissner TTA.

#### *Termination:*

There is no termination right in the event that an arbitrator determines that one of the Parties has breached the engineering agreement relating to the Josef Meissner TTA.

#### *Performance Guarantees and Performance Test-runs:*

The performance and product-quality guarantees under the Josef Meissner TTA are subject to a condition that the detailed engineering of the sulphuric acid re-concentration plant be carried out by the Licensor's designated subcontractor under a separate engineering agreement.

### STONE & WEBSTER INTERNATIONAL, INC. TECHNOLOGY TRANSFER AGREEMENT

#### *Parties:*

Stone & Webster International, Inc. (the **Licensor**) and the Licensee, the Licensor and the Licensee each being a Party. Aramco Services Company (rather than Aramco Overseas Company B.V.) is party to the S&W TTA. Please note that this TTA has now been novated from the Licensee to Sadara.

#### *Scope:*

The S&W TTA relates to rights and licenses in respect of Pygas and reformat hydrogenation for the production of hydrotreated Pygas, C<sub>4</sub>/C<sub>5</sub> mixture and C<sub>8</sub>+ production.

#### *Financials:*

Payment for proprietary equipment is not included in payments required for full payment of licenses under the S&W TTA. However, the Licensee's purchase of proprietary catalyst from the Licensor per a separate agreement is contemplated in the S&W TTA.

#### *Liabilities:*

Liability under certain provisions is identified as a sole liability with an exclusive remedy.

#### *Termination:*

There is no termination right in the event that an arbitrator determines that one of the Parties has breached

the engineering agreement relating to the S&W TTA based on non-payment or a breach of confidentiality obligations.

*Performance Guarantees and Performance Test-runs:*

If a specified catalyst is needed for performance test-runs then the Licensor shall, on agreed terms and conditions, supply the catalyst. A catalyst guarantee specified in the S&W TTA applies.

## THYSSENKRUPP UHDE GMBH TECHNOLOGY TRANSFER AGREEMENT

*Parties:*

ThyssenKrupp Uhde Gmbh (the **Licensor**), DEH and Aramco Overseas Company B.V. (together, the **Licensee**), the Licensor and the Licensee each being a Party. Please note that this TTA has now been novated from the Licensee to Sadara.

*Scope:*

The ThyssenKrupp TTA relates to rights and licenses in respect of hydrochloric acid electrolysis.

*Grant of License:*

The rights granted under the ThyssenKrupp TTA are conditional on the execution and ongoing effectiveness of an engineering agreement and an agreement for the purchase of certain proprietary equipment and services.

*Financials:*

Payment for proprietary equipment is not included in payments required for full payment of licenses under the ThyssenKrupp TTA. However, the Licensee's purchase of proprietary equipment from the Licensor per a separate agreement is contemplated in the ThyssenKrupp TTA.

*Termination:*

There is no termination right in the event that an arbitrator determines that one of the Parties has breached the engineering agreement relating to the ThyssenKrupp TTA based on non-payment or a breach of confidentiality obligations.

If the Licensor terminates the ThyssenKrupp TTA because of a failure by the Licensee to make any required payments or the Licensee fails to cure a material breach of confidentiality obligations, the Licensee shall discontinue use of the Licensed Process.

*Performance Guarantees and Performance Test-runs:*

Relevant provisions of the corresponding engineering agreement or the proprietary equipment agreement may apply (as applicable) to Licensor's obligations under the performance guarantee and product-quality guarantee.

## TECHNIP ITALY S.P.A TECHNOLOGY TRANSFER AGREEMENT

*Parties:*

Technip Italy S.p.A (the **Licensor**) and the Licensee, the Licensor and the Licensee each being a Party. Aramco Services Company (rather than Aramco Overseas Company B.V.) is party to the Technip TTA. Please note that this TTA has now been novated from the Licensee to Sadara.

*Scope:*

The Technip TTA relates to rights and licenses in respect of steam cracking units.

*Grant of License:*

Rather than refer to the “basic engineering package,” the grant refers to the “extended basic engineering package.”

*Financials:*

Payment for proprietary equipment is not included in payments required for full payment of licenses under the Technip TTA. The Technip TTA does not expressly contemplate purchase of proprietary equipment.

*Termination:*

There is no termination right in the event that an arbitrator determines that one of the Parties has breached the engineering agreement relating to the Technip TTA based on non-payment or a breach of confidentiality obligations.

## ESPANOLA DE INVESTIGACION Y DESARROLLO, S.A. TECHNOLOGY TRANSFER AGREEMENT

*Parties:*

Espanola De Investigacion Y Desarrollo, S.A. (the **Licensor**), DEH and Amamco Overseas Company B.V. (together, the **Licensee**), the Licensor and the Licensee each being a Party.

*Scope:*

The Espanola TTA relates to rights and licenses in respect of nitric acid production.

*Financials:*

Payment for proprietary equipment is not included in payments required for full payment of licenses under the Espanola TTA. The Espanola TTA does not expressly contemplate purchase of proprietary equipment.

*Suspension and Termination:*

There is no termination right in the event that an arbitrator determines that one of the Parties has breached the engineering agreement relating to the Espanola TTA based on non-payment or a breach of confidentiality obligations.

The Licensor can suspend its work in the case that the Licensee fails to pay an undisputed amount within a specified period after its due date, *provided that* the Licensor has given the Licensee notice prior to suspension.

If a suspension lasts for more than a specified period, the Licensor can terminate the Espanola TTA on prior notice.

## FORMOX AB TECHNOLOGY TRANSFER AGREEMENT (THE FORMOX TTA)

*Parties:*

Formox AB (the **Licensor**), DEH and Aramco Overseas Company B.V. (together, the **Licensee**), the Licensor and the Licensee each being a Party. Please note that this TTA has now been novated from the Licensee to Sadara (as Licensee).

*Scope:*

The Formox TTA relates to rights and licenses in respect of formalin.

*Financials:*

Payment for proprietary equipment is not included in payments required for full payment of licenses under

the Formox TTA. However, the Licensee's purchase of certain equipment and catalyst from the Licensor per separate agreements is contemplated in the Formox TTA.

*Termination:*

There is no termination right in the event that an arbitrator determines that one of the Parties has breached the engineering agreement relating to the Formox TTA based on non-payment or a breach of confidentiality obligations.

## **GTC TECHNOLOGY LP TECHNOLOGY TRANSFER AGREEMENT (THE GTC TTA)**

*Parties:*

GTC Technology US, LLC (the **Licensor**) and the Licensee, the Licensor and the Licensee each being a Party. Aramco Services Company (rather than Aramco Overseas Company B.V.) is party to the GTC TTA. Please note that this TTA has now been novated from the Licensee to Sadara (as Licensee).

*Scope:*

The GTC TTA relates to rights and licenses in respect of the GT-BTX extractive distillation process.

*Financials:*

Payment for proprietary equipment is not included in payments required for full payment of licenses under the GTC TTA. However, the Licensee's purchase of certain proprietary solvent and equipment from the Licensor per separate agreements is contemplated in the GTC TTA.

*Infringement of Intellectual Property Rights:*

The Licensee shall indemnify the Licensor against claims and losses arising out of third party claims of infringement with respect to designs, information or processes provided to the Licensor by the Licensee, subject to a cap.

*Termination:*

There is no termination right in the event that an arbitrator determines that one of the Parties has breached the engineering agreement relating to the GTC TTA based on non-payment or a breach of confidentiality obligations.

*Performance Guarantees and Performance Test-runs:*

The Licensor warrants that the unit will meet certain performance guarantees and product-quality guarantees as set out in the GTC TTA.

## **KELLOGG BROWN & ROOT TECHNOLOGY TRANSFER AGREEMENT**

*Parties:*

Kellogg Brown & Root LLC (the **Licensor**) and the Licensee, the Licensor and the Licensee each being a Party. Aramco Services Company (rather than Aramco Overseas Company B.V.) is party to the KBR TTA. Please note that this TTA has now been novated from the Licensee to Sadara (as Licensee).

*Scope:*

The KBR TTA relates to rights and licenses in respect of the manufacture of aniline.



#### *Grant of License:*

The license granted in the KBR TTA allows for the sale of Licensed Products anywhere in the world except for North America.

Rather than refer to the “basic engineering package,” the grant refers to the “extended basic engineering package.”

#### *Financials:*

Payment for proprietary equipment is not included in payments required for full payment of licenses under the KBR TTA. The KBR TTA does not expressly contemplate purchase of proprietary equipment.

The KBR TTA includes the notion of ‘reimbursable rates’ which provides for the Licensee to reimburse the Licensors for the participation of the Licensors (or those who have licensed technology to the Licensors) in certain activities, such as training and performance test-runs.

#### *Termination:*

There is no termination right in the event that an arbitrator determines that one of the Parties has breached the engineering agreement relating to the KBR TTA based on non-payment or a breach of confidentiality obligations.

If Licensors terminate the TTA for material breach by Licensee, except for nonpayment of any part of the license fee, Licensee may continue to use the Licensed Process during arbitration and then Licensee must abide by the arbitral decision (or court decision). If Licensors terminate the TTA for nonpayment of any part of the license fee, Licensee’s rights will terminate and Licensee must discontinue use of the Licensed Process.

### CATALYST SUPPLY AGREEMENTS

Sadara has entered into or will enter into Catalyst Supply Agreements with certain of the counterparties described in the section of this Prospectus entitled “*Business Overview – Catalyst Supply*”. These agreements set out the terms and conditions pursuant to which Sadara will purchase proprietary catalyst components for the Project.

Sadara and the relevant Dow entities will enter into the Dow CSAs relating to the following Dow technologies: (a) solution polyethylene; (b) EA; (c) solution elastomers; (d) METEOR™ ethylene oxide 200; (e) HPPO; and (f) polyols (DMC).

#### *Parties:*

Each of the PE CSA, Amines CSA, Elastomers CSA and Ethylene Oxide CSA are entered into between Dow (the **Seller**) and Sadara (the **Buyer**, together **Parties** and each a **Party**).

Each of the HPPO CSA and Polyols CSA are entered into between Dow Europe GmbH (the **Seller**) and Sadara (the **Buyer**, together **Parties** and each a **Party**).

#### *Purpose:*

The Dow CSAs set out the terms on which the Seller shall supply to the Buyer all of the Buyer’s requirements of certain Dow proprietary catalysts and catalyst components (as applicable) (**Catalysts**) for the production of the Licensed Product (as defined in the relevant technology license agreement) in the Plant.

#### *Term:*

The term of each Dow CSA (other than the HPPO CSA and Polyols CSA) ends 20 years from the date of execution and automatically extends for successive one year periods, unless a Party provides a written termination notice at least 36 months prior to expiration of the initial or extended term.

The HPPO CSA terminates on the 20th anniversary of delivery of the initial quantity of Catalyst. The term automatically extends for successive one year periods, unless the Buyer provides a written termination notice

at least 12 months prior to expiration of the initial or extended term, or unless the Seller provides a written termination notice at least 24 months prior to expiration of the initial or extended term.

The term of the Polyols CSA ends on the fifth anniversary of the start-up of the Plant. The term automatically extends for successive one year periods, unless a Party provides a written termination notice at least 18 months prior to expiration of the initial or extended term.

The term of each Catalyst Supply Agreement immediately ends upon termination of the corresponding Dow TLA.

#### *Supply Obligations:*

The Seller is not obliged to supply more than specified quantities of Catalyst unless agreed by the Seller on at least 24 months' notice from the Buyer. Other than in respect of the HPPO CSA, if the Buyer's requirements exceed the quantities specified in the Dow CSA (as may be increased upon agreement), the Seller and the Buyer shall co-operate to use best efforts in a commercially reasonable manner to satisfy the Buyer's request for such additional quantities. The HPPO CSA contains additional Catalyst capacity reservation requirements.

The Buyer must provide specified advance notice to the Seller of its requirements for Catalyst.

The Seller's duty to fill a Catalyst order is conditional on, in respect of: (a) the PE CSA and Elastomers CSA, having enough of the Buyer's containers available to fill the Catalyst order; (b) the Amines CSA, the Buyer delivering enough rhenium to a designated Catalyst manufacturer by a specified date in advance of the requested delivery date; and (c) Ethylene Oxide CSA, Buyer delivering the agreed to silver content by a specified date in advance of the requested delivery date.

In the event of a supply shortfall, Seller will fill or cause its supplier to fill the Buyer's orders on an equitable basis with the Seller's other production facilities which utilize such Catalyst.

#### *Price:*

Each Catalyst Supply Agreement specifies a price for the Catalyst.

#### *Seller's Commitments:*

The Seller shall ship Catalyst that meets the specifications set forth in the relevant Dow CSA and in the quantities and delivery date specified and shall convey each Catalyst with good title, free from any lawful encumbrance. In respect of the Ethylene Oxide CSA, the Seller also warrants that the initial order that is placed by the Buyer for the first quantity of catalyst charge to be used in the Plant will achieve the guaranteed selectivity required by the Ethylene Oxide CSA during a test-run. In respect of the Polyols CSA, the Seller shall provide the Buyer with a standard for use in quantity inspection procedures set forth in the Polyols CSA.

#### *Events of Termination:*

The Seller may immediately terminate a Dow CSA by giving written notice on the following grounds:

- (a) The Buyer is in breach of a payment obligation under that Dow CSA or is in material breach of its confidentiality obligations, as confirmed by arbitral decision, which is not cured within 60 days from the arbitral decision;
- (b) The Buyer purchases a catalyst or a co catalyst as a replacement for a Catalyst for the production of Licensed Products using the Licensed Process from a supplier other than Seller (except as permitted); or
- (c) The Seller discontinues its business of manufacturing a Catalyst or having a Catalyst manufactured (or in respect of the HPPO CSA only, discontinues the manufacture or sale of the Catalyst).

The Buyer may terminate a Dow CSA upon 60 days' (or in the case of the HPPO CSA, Amines CSA or Ethylene Oxide CSA 30 days') written notice, if the Seller breaches its specified obligation to supply under that Dow CSA.

Under specified circumstances, in the event the Seller fails to extend a Catalyst Supply Agreement or discontinues its Catalyst manufacturing business, the Seller may either make arrangements for a third party to manufacture Catalyst or provide sufficient information to the Buyer to enable the Buyer to manufacture the

Catalyst or have the Catalyst manufactured, in each case, without further obligations of the Seller with respect to such discontinued Catalyst.

*Force Majeure Events:*

The Dow CSAs contain a customary definition of “force majeure event”. Such a force majeure event affecting substantially all of the obligations of one or both Parties will extend the term of the Dow CSA for a period equal to that during which the performance of such obligations was prevented or delayed (not exceeding 12 months). Such a force majeure event shall not relieve a Party’s payment obligations.

*Liability:*

The Buyer’s exclusive remedy and the Seller’s sole liability for breach of a Dow CSA (including breach of warranty, negligence, and strict liability, but excluding breach caused by the Seller’s willful misconduct) is limited to: (a) the Seller having the option of one of (i) the replacement of the Catalyst which is the subject of the breach, (ii) a mutually acceptable price discount towards future Catalyst purchases, or (iii) the repayment of the purchase price paid for the Catalyst which is the subject of the breach; and (b) the remedies set forth in the Dow CSA in the event that a Party terminates the Dow CSA under specified grounds. Any claims not brought by the Buyer within the earlier of 60 days after it learns or should reasonably have learned of the claim or one year after delivery of the Catalyst which is the subject of the claim are waived.

*Consequential Losses:*

Neither Party shall be liable to the other for any indirect or consequential loss (including any loss or profit or anticipated earnings).

*Governing Law:*

The Dow CSAs are governed by English law.

*Confidentiality:*

The terms of the Omnibus Confidentiality Agreement shall apply to the Dow CSAs (other than the HPPO CSA). The confidentiality obligations set forth in the HPPO TLA shall apply to the HPPO CSA. Catalysts are confidential materials and are subject to the non analysis obligations of the Omnibus Confidentiality Agreement, catalysts under the HPPO CSA are Confidential Information as defined under the HPPO TLA and may not be used for an excluded use under the HPPO TLA.

*Dispute Resolution:*

The Dow CSAs include dispute and expert resolution procedures which provide for initial negotiation and then, if necessary, final and binding resolution by a three person arbitration tribunal in London, pursuant to the ICC Rules. There are provisions for joinder with disputes under other agreements relating to the Project. Certain specified and agreed items shall be determined by an expert whose determination shall be administered in accordance with the ICC Rules.

*Guarantees:*

The performance and payment obligations of Dow Europe GmbH in respect of each Catalyst Supply Agreement are guaranteed by DEH under separate guarantees. The performance and payment obligations of DEH are guaranteed by Dow under separate guarantees.

## OPERATING SYSTEMS AND TOOLS AGREEMENT

*Parties:*

DEH (the **Licensor**) and Sadara (the **Licensee**).

*Purpose:*

Pursuant to the Dow OS&T Agreement, the Licensor grants the Licensee the right to use certain work process, business methods, design standards and other operating systems and tools relating to the management and administration of chemical production.

*Governing Law:*

The Dow OS&T Agreement is governed by English law.

*Term:*

The Dow OS&T Agreement is effective upon the date of its execution, and expires on the earlier of:

- (a) the later of:
  - (i) the 15th anniversary of that date; and
  - (ii) the date on which the Dow Founding Shareholder ceases to be a shareholder in the Licensor; and
- (b) the date on which the Dow Founding Shareholder ceases to be a shareholder in the Licensor as a result of delivering a Put Notice to the Saudi Aramco Founding Shareholder under the Shareholders' Agreement.

*Scope of Rights Granted Under the Dow OS&T Agreement:*

The Licensor grants the Licensee and the persons listed below a non-exclusive right and license to use Dow OST (including any Dow OST provided prior to the coming into effect of the Dow OS&T Agreement) for the design, construction, operation and maintenance of facilities that are wholly-owned by the Licensee or its wholly-owned affiliates (**Authorized Facilities**). The grant includes a license under copyright for reproduction of relevant materials, their distribution to persons listed below, and adaptation for use by the persons listed below.

The rights granted by the Licensor apply to: (a) the Licensee; (b) the Licensee's wholly-owned affiliates; (c) persons providing services under the General Services Agreement who have a need to know the relevant operating systems and tools whilst providing those services; and (d) employees of the Licensee, its wholly-owned affiliates, the Licensor and its Affiliates who are seconded to the Licensee, and Saudi Aramco and its Affiliates who are seconded to the Licensee.

The Licensee may also disclose individual elements of Dow OST to its contractors if they are subject to relevant confidentiality requirements, but must not disclose complete Dow OST or relevant supporting materials to any contractor without the Licensor's consent.

The rights granted by the Licensor are not sublicensable by the Licensee, except that Saudi Aramco or its Affiliate may be sublicensed to operate an Authorized Facility subject to appropriate obligations of confidentiality and *provided that*, without the Licensor's consent, the sublicensee does not otherwise materially participate in the manufacture of products that are made in such Authorized Facility or in the licensing to third parties of manufacturing technologies used in the Authorized Facilities.

Dow OST provided by the Licensor under the Dow OS&T Agreement shall contain the most modern and up-to-date Dow OST as at the Dow OS&T Agreement's effective date. The Licensor shall be responsible for the cost of corrections of any omissions or deficiencies in the Dow OST that are the fault of the Licensor or its representatives.

The Licensor must provide the Licensee with certain enabling tools and training specified in the Dow OS&T Agreement.

*Improvements:*

The Dow OS&T Agreement contains certain provisions about certain modifications of, updates or improvements to certain work process specified in the Dow OS&T Agreement. The parties must formally exchange information about such improvements not more than once per year unless otherwise specified or agreed.

The Licensor grants the Licensee an irrevocable, global, non-exclusive, royalty-free license to use the Licensor improvements in Authorized Facilities, *provided that* the Licensor has the right to grant such a license without the consent of, or payment of compensation to, any third party. The Licensor may disclose and sublicense the Licensee's improvements to current and future licensees of Dow OST.

The Licensee grants the Licensor and its Affiliates an irrevocable, global, non-exclusive, royalty-free license to use the Licensee's improvements in any facility owned by the Licensor or its Affiliates.

Each party discloses and licenses improvements as-is and without warranties.

#### *Subcontracting:*

The Licensor may subcontract its obligations to Affiliates or (with the Licensee's consent) other qualified contractors.

The Licensee's consent is not required for subcontracting to the Licensor's contract personnel under the Licensor's direction and control, although the Licensor will remain liable for the personnel's activities and performance as if they were the Licensor's employees.

#### *Intellectual Property:*

The Licensor and its Affiliates own all intellectual property in Dow OST provided under the Dow OS&T Agreement. The Licensor and its Affiliates will also own reproductions, adaptations and derivative works from the Dow OST, as well as improvements developed by the Licensor and its Affiliates.

The Licensee will own the Licensee Local OST and related documentation, including any reproductions, adaptations and derivative works from the Licensee Local OST as well as improvements developed by Licensee.

#### *Payments:*

The Licensee is required to pay the Licensor a lump-sum fee as consideration for the rights and licenses granted under the Dow OS&T Agreement.

The Licensee will reimburse the Licensor for travel and living expenses that the Licensor's representatives incur whilst providing services for transferring Dow OST to the Licensee, as specified in the Dow OS&T Agreement, if the transfer requires the Licensor's representatives to travel away from their home location.

#### *Confidentiality:*

All material in respect of which the Licensor grants rights under the Dow OS&T Agreement is technical confidential information that is covered under the Omnibus Confidentiality Agreement. The Dow OS&T Agreement recognizes that certain Dow OST may be subject to the Licensor obtaining an independent third party license, in which case the Licensor is required to identify such materials (and the relevant licensor) to the Licensee.

#### *Liability and Indemnities:*

Each party gives a reciprocal indemnity to the other in respect of claims and liability arising from illness, injury or death, or property damage, in each case of its own employees and other representatives that arises from the indemnifying party's performance under the Dow OS&T Agreement or operation of the Authorized Facilities.

Separately, the Dow OS&T Agreement provides that the Licensee assumes the risk of any damage or loss to property under its control or of any related persons arising from operation of the Authorized Facilities or the use of the Dow OST by the Licensee or those related persons. The Licensee also releases the Licensor and its related persons from any responsibility for such damage or loss.

The Dow OS&T Agreement also provides that the Licensee must indemnify the Licensor and its related persons against all claims concerning liability or loss arising from the operation of the Authorized Facilities or the use of the Dow OST by the Licensee or its related persons or the manufacture, use, disposal, marketing or sale of any products made in the Authorized Facilities. To the extent that this indemnity is duplicative of relevant

indemnities in the Dow PMLAs, the Dow TLAs or the Shareholders' Agreement, the Licensor cannot bring any claim under it.

The above release and indemnities do not apply to any loss or liability proximately caused by willful misconduct of the indemnified party or its related persons.

The Dow OS&T Agreement includes a reciprocal exclusion of liability for consequential loss.

The Licensee's sole remedy for a breach of warranty by the Licensor is re-performance of relevant obligations.

The aggregate liability of the Licensor and its related persons arising from the Dow OS&T Agreement and activities under it is capped.

#### *Breach and Termination:*

The Licensor may terminate the Dow OS&T Agreement after a 60 day cure period if the Licensee is in uncured material breach of a payment or confidentiality obligation, or if, whilst the Licensor or its Affiliate owns an equity interest in the Licensee, Saudi Aramco unreasonably withholds renewal of the EFSA or the NFSA.

If the Dow OS&T Agreement is terminated on any of these grounds, then the Licensee shall lose its rights to use Dow OST and relevant supporting materials, and any obligations of the Licensor or its Affiliates to provide further services related to the Dow OS&T Agreement pursuant to a separate services agreement can be terminated on 90 days' notice to the Licensee.

The Dow OS&T Agreement expressly provides that use by the Licensee or its Affiliates of any Dow OST, improvements or confidential information of the Licensor or its Affiliates to design, construct, operate or maintain any facility other than the Authorized Facilities is a material breach of the Dow OS&T Agreement, unless such use is expressly authorized by the Licensor in another agreement.

If the Dow OS&T Agreement is terminated as a result of the Dow Founding Shareholder delivering a Put Notice to the Saudi Aramco Founding Shareholder under the Shareholders' Agreement, the Licensee must immediately return to the Licensor any Dow OST relating to that is not specific as to geography or business, and the Dow OS&T Agreement's provisions relating to the use of improvements shall no longer apply.

#### *Force Majeure:*

The Dow OS&T Agreement contains a customary definition of force majeure.

#### *Dispute Resolution:*

The Dow OS&T Agreement includes dispute and expert resolution procedures which provide for initial negotiation and then, if necessary, final and binding resolution by a three person arbitration tribunal in London, pursuant to the ICC Rules. There are provisions for joinder with disputes under other agreements relating to the Project. Certain specified and agreed items shall be determined by an expert whose determination shall be administered in accordance with the ICC Rules.

## **SHAREHOLDERS' AGREEMENT**

The Dow Shareholder and the Saudi Aramco Shareholder have entered into a shareholders' agreement dated as at 8 October 2011 (the **Shareholders' Agreement**). The Shareholders' Agreement sets forth the framework for determining certain ownership matters, including capital structure, voting, transfers of shareholdings and corporate governance.

The obligations of the Saudi Aramco Shareholder under the Shareholders' Agreement are guaranteed by Saudi Aramco pursuant to a parent company guarantee. The obligations of the Dow Shareholder are guaranteed by DEH under a parent company guarantee and the obligations of DEH under that parent company guarantee are guaranteed by Dow under a secondary guarantee.

The shareholders agree that Sadara will have a term that lasts 99 years after the date on which, under the project financing agreements, the "Project Completion Date" has occurred.

The Shareholders' Agreement provides for the Saudi Aramco Shareholder initially to own 65% of the shares



of Sadara, with the Dow Shareholder initially to own the remaining 35% of the shares of Sadara. The Shareholders' Agreement contemplates that the Saudi Aramco Shareholder will sell a 30% interest in Sadara to PublicCo that will be listed on the Tadawul as soon as practicable following the date which, under the project financing agreements, the "Financial Closing Date" has occurred. The proceeds of such IPO will be for the account of the Saudi Aramco Shareholder. Amendments and modifications to the Shareholders' Agreement, Sadara's constitutive documents and relevant project agreements shall be made to accommodate the IPO so long as such amendments and modifications do not adversely affect the rights or increase the obligations of either the Dow Shareholder or the Saudi Aramco Shareholder.

Other than the shareholders' initial capital contributions and funding requirements imposed by the project financing agreements, all other funding by the shareholders is subject to the agreement of the shareholders.

The Shareholders' Agreement provides for the capitalization of certain project development costs into the share capital of Sadara, or the conversion of such costs into loans repayable by Sadara to the shareholders.

For a period of time following the date of formation of Sadara, Dow and Saudi Aramco must, directly or indirectly through the shareholders, retain a minimum shareholding in Sadara (the **Minimum Shareholding**). Following the Minimum shareholding retention period, sales of interests in Sadara (other than by PublicCo) are subject to certain pre-emption rights.

The overall management and control of Sadara is vested in a board of directors consisting of eight members. Prior to the transfer of part of the Saudi Aramco Shareholder's interest to PublicCo, each of the Dow Shareholder and the Saudi Aramco Shareholder has the right to appoint four directors.

29 specified actions are reserved for determination by the board of directors (or, if so delegated by the board of directors, the project execution committee of the board of directors). These actions include, among others, (i) approval of Sadara's business plan and operating plan; (ii) subject to permitted exceptions, incurring indebtedness for borrowed funds; (iii) approval of proposed capital expenditures in excess of a certain value; (iv) subject to permitted exceptions, creation of any security interests over Sadara's assets; and (v) execution, amendment or modification of agreements or transactions between Sadara and any shareholder or any of their Affiliates. In the case of (v), if there is a deadlock in relation to whether to approve a resolution, a special meeting of the board of directors will be held and the directors nominated by the affiliated shareholder will not be entitled to vote on the resolution. For all other deadlocks, if agreement cannot be reached on how to resolve the deadlock in accordance with certain mechanisms set forth in the Shareholders' Agreement, the relevant resolution is not passed and the status quo prevails.

Certain other actions are reserved for determination by the shareholders in a general assembly. All general assembly decisions require the approval of the Dow Shareholder and the Saudi Aramco Shareholder. Subject to that requirement, most actions by the general assembly require the approval of shareholders holding at least 67% of Sadara's shares. The following actions require the approval of shareholders holding at least 75% of Sadara's shares: (i) changes to Sadara's constitutional documents; (ii) changes to Sadara's authorized capital; (iii) conducting a line of business significantly different to that indicated in the Shareholders' Agreement or ceasing the business; and (iv) the withdrawal of Sadara from the implementation of the Project. The following actions require the unanimous approval of all of the shareholders: (i) merger, consolidation, or amalgamation, other than in the ordinary course of business, of all or any significant portion of Sadara or its assets; (ii) changing Sadara's jurisdiction of formation; (iii) increasing the financial liability of the shareholders; and (iv) winding-up Sadara.

The Shareholders' Agreement provides for Sadara's first CEO to be appointed by the Saudi Aramco Shareholder, and for certain other of the senior officers of Sadara to be appointed by one or the other of the shareholders. Once the initial term of appointment for these positions has expired, and until a suitably qualified employee directly hired by Sadara can be appointed by the board of directors, the right to make appointments to these positions will alternate between the shareholders.

The following constitute events of default under the Shareholders' Agreement: (i) subject to certain exceptions and a cure period, failure of a shareholder to comply with its obligation to make the initial capital contribution or subsequent capital contributions (to the extent they have agreed to do so); (ii) subject to a cure period, failure by Dow or Saudi Aramco to maintain the Minimum Shareholding; (iii) a transfer of ownership interests by a shareholder or a change of control in violation of the Shareholders' Agreement; (iv) a shareholder assigns its rights or obligations in violation of the Shareholders' Agreement; (v) the failure of a shareholder (or its Affiliate) to comply with its completion support or other shareholder equity undertakings in any project

financing document following the expiry of any applicable cure period specified therein; (vi) any of the parent or secondary guarantees in respect of the Shareholders' Agreement cease to be effective prior to the stated expiration thereof; (vii) the occurrence of certain specified events that give rise to a decrease of 20% or more in Sadara's actual EBITDA during any period as compared to Sadara's projected EBITDA for the 12 month period following the occurrence of such a specified event; and (viii) a bankruptcy or insolvency of a Shareholder or Dow or Saudi Aramco). However, Sadara may not enforce any provisions under the Shareholders' Agreement as it is not a party to the agreement nor do the parties expressly acknowledge Sadara as an intended third party beneficiary.

Upon notice of an event of default, the shareholder in default has a specified period within which to remedy the default. If the default is not remediable or, if remedial action is continuing after the remedy period, then (i) if the Dow Shareholder is the defaulting shareholder, a non defaulting shareholder may issue a notice to the Dow Shareholder requiring it to sell all of its ownership interest to one or more non defaulting shareholders; (ii) if the Saudi Aramco Shareholder is the defaulting shareholder, the Dow Shareholder may issue a notice requiring the Saudi Aramco Shareholder to purchase all of the Dow Shareholder's ownership interest (and PublicCo may participate in the purchase, subject to certain conditions).

Unless terminated earlier in accordance with its terms, the Shareholders' Agreement will terminate upon expiration of the duration of Sadara as set forth in Sadara's articles of association.

The Shareholders' Agreement is governed by the laws of The Kingdom.

## NITROGEN AND OXYGEN SUPPLY AGREEMENT

Sadara, as the offtaker, and National Industrial Gases Company (**GAS**), as the contractor, have entered into the Nitrogen and Oxygen Supply Agreement which governs the terms and conditions under which: (a) GAS will make available to Sadara, the contracted volume (the **NOSA Contracted Volume**) of high pressure nitrogen, low pressure nitrogen and oxygen (the **NOSA Products**); and (b) Sadara will pay for the quantity of NOSA Products made available by GAS at the designated delivery points that is taken by Sadara (**NOSA Output**).

### *Term and Extensions of the Term:*

Unless terminated prior to its expiry, the initial term of the Nitrogen and Oxygen Supply Agreement will be 20 years from the commercial operation date of the Air Separation Unit Project (the **NOSA Initial Term**). The NOSA Initial Term of the Nitrogen and Oxygen Supply Agreement may be extended: (a) unilaterally by Sadara for a period of 10 years (or the remainder of Sadara's site lease, if less) on the existing terms of the Nitrogen and Oxygen Supply Agreement; or (b) for a different period and/or on different terms by agreement of the parties. The NOSA Initial Term and any extended term of the Nitrogen and Oxygen Supply Agreement shall be extended equitably, following certain events of force majeure under the Nitrogen and Oxygen Supply Agreement affecting GAS.

### *Design and Construction of the Air Separation Unit Project:*

GAS is responsible for the design, engineering, procurement, supply, manufacture, transportation to site, construction, erection, installation, completion, start-up, testing, commissioning, operation and maintenance of the plant (the **Air Separation Plant**) for the production and supply of the NOSA Products. Sadara has similar responsibilities for certain interconnection facilities to be located on or at the Sadara Complex for the delivery of the NOSA Products.

### *Commercial Operation of the Air Separation Plant and Liquidated Damages for Delay:*

The commercial operation date will occur once Sadara has notified GAS that the performance and functional test results have been accepted (the **NOSA Commercial Operation Date**). If GAS fails to achieve the NOSA Commercial Operation Date by the target date for the achievement of commercial operations (the **Scheduled NOSA Commercial Operation Date**), GAS shall pay liquidated damages to Sadara calculated in accordance with a formula in the Nitrogen and Oxygen Supply Agreement for each day (or any part thereof) of delay up to the "Construction Liquidated Damages Cap" set forth in the Nitrogen and Oxygen Supply Agreement.

#### *Operation and Maintenance of the Air Separation Plant:*

GAS must undertake all works at the Sadara Complex in accordance with applicable legal requirements, the environmental, health and safety requirements of Sadara, and all other related requirements, specifications and standards as are made known to GAS by Sadara (**Offtaker EH&S Management Plans, Procedures, Standards, Rules and Regulations**).

Either party may apply to the other party if it believes that GAS has or is likely to incur or realize increased costs or savings as a result of the Offtaker EH&S Management Plans, Procedures, Standards, Rules and Regulations being more onerous than applicable legal requirements, the environmental, health and safety requirements of Sadara or GAS' own environmental, health and safety requirements.

#### *Change in Law:*

Either party may apply to the other party if it believes that GAS has or is likely to incur or realize increased costs or savings as a result of a change in any law of The Kingdom or to a governmental authorisation.

#### *Increased Costs and Savings:*

Increased costs resulting from changes in law or the more onerous Offtaker EH&S Management Plans, Procedures, Standards, Rules and Regulations will only be compensated to the extent that they relate to the Air Separation Project rather than GAS' other gas production facilities in the Eastern Province of The Kingdom and are not covered by insurance proceeds.

Unless Sadara agrees to settle a claim by a lump sum payment, the rates payable for NOSA Products will be adjusted so as to ensure that GAS is in a neutral financial position, deriving neither gain nor loss from the change. Rates will be adjusted to take account of any failure by GAS to use reasonable efforts to mitigate increased costs and maximize savings.

If adjustments to rates, including for changes in law and the more onerous Offtaker EH&S Management Plans, Procedures, Standards, Rules and Regulations, result in the weighted average for a NOSA Product increasing for the remainder of the term by more than a certain percentage (specified in the Nitrogen and Oxygen Supply Agreement), Sadara may terminate the Nitrogen and Oxygen Supply Agreement.

#### *Scheduled Maintenance of the Air Separation Plant:*

GAS must undertake maintenance of the Air Separation Plant without prejudice to its obligation to make available the NOSA Contracted Volume for each NOSA Product at all times (other than for any quantity of high pressure nitrogen or oxygen in excess of the quantity in Sadara's most recent forecast which notwithstanding the commercially reasonable efforts of GAS, is not made available by GAS as a consequence of any planned outage that coincides with Sadara's maintenance as notified by Sadara in the most recent maintenance schedule delivered to GAS) and must submit its maintenance schedule to Sadara on an annual basis.

#### *Interruption Events:*

An interruption event under the Nitrogen and Oxygen Supply Agreement for each NOSA Product means each occasion during which the NOSA Product pressure falls more than a certain percentage (specified in the Nitrogen and Oxygen Supply Agreement) below the minimum delivery pressure for the relevant NOSA Product, but excludes any interruption which is caused by an event of force majeure under the Nitrogen and Oxygen Supply Agreement and provided that more than one occurrence within a certain number of hours following immediately after the initial occurrence shall constitute the same interruption event. GAS shall pay agreed liquidated damages to Sadara for each interruption event equal to a percentage of the "Annual Liquidated Damages Cap" set forth in the Nitrogen and Oxygen Supply Agreement.

#### *Supply of NOSA Products:*

From and after the NOSA Commercial Operation Date: (a) GAS is obliged to make available the NOSA Contracted Volume of each NOSA Product to Sadara; and (b) Sadara may request excess quantities of NOSA Product and GAS must use its commercially reasonable efforts to make such quantities available.

GAS will not supply any NOSA Product under any third party supply arrangement if the aggregate of: (a) the quantity of NOSA Product to be supplied under such third party supply arrangement; and (b) the quantity of NOSA Product to be supplied under all other third party supply arrangements entered into by GAS as at that date; and (c) the NOSA Contracted Volume (in the case of high pressure nitrogen and oxygen) or the Base Contracted Volume (in the case of low pressure nitrogen), will exceed the total capacity of the Air Separation Plant.

Sadara will: (a) make non-binding forecasts of Sadara's average requirements for each NOSA Product for each three month period throughout the term, on a rolling basis; and (b) deliver a non-binding maintenance schedule for the units and equipment on the Sadara Complex that utilize oxygen and/or high pressure nitrogen.

#### *Quantity and Quality of NOSA Products:*

All NOSA Product supplied by GAS under the Nitrogen and Oxygen Supply Agreement must conform with the applicable specifications under the Nitrogen and Oxygen Supply Agreement at all times. If Sadara elects to accept any quantity of non-conforming NOSA Product at any time, Sadara shall pay for such NOSA Product at a certain percentage (specified in the Nitrogen and Oxygen Supply Agreement) of the prescribed unit price for the relevant quantity if such quantity exceeds the agreed "minimum-take-or-pay volume" (the **Minimum-Take-or-Pay Volume**). If the quantity of non-conforming NOSA Product is less than such volume, then a percentage (specified in the Nitrogen and Oxygen Supply Agreement) of such quantity shall be subtracted from the Minimum Take-or-Pay Volume used to calculate the Tier 1 Monthly Payment.

If Sadara rejects any non-conforming NOSA Product then it will be treated as a shortfall quantity and GAS will be liable for shortfall liquidated damages, which are subject to an "Annual Liquidated Damages Cap" and an "Aggregate Liability Cap" set forth in the Nitrogen and Oxygen Supply Agreement, based on the difference between the quantity of NOSA Product actually made available and the higher of: (a) the average actual demand; or (b) the Base Contracted Volume (in the case of low pressure and high pressure nitrogen) or the NOSA Contracted Volume (in the case of oxygen).

GAS is relieved from paying shortfall liquidated damages in respect of any shortfall attributable to an event of force majeure under the Nitrogen and Oxygen Supply Agreement or, in respect of any quantity of high pressure nitrogen or oxygen, which is in excess of the Base Contracted Volume which GAS is unable to make available solely because the dedicated back-up storage is fully depleted or any quantity of high pressure nitrogen or oxygen in excess of the quantity in Sadara's most recent forecast which notwithstanding the commercially reasonable efforts of GAS, is not made available by GAS as a consequence of any planned outage that coincides with Sadara's maintenance as notified by Sadara in the most recent maintenance schedule delivered to GAS.

GAS is obliged to use NOSA Product stored as back-up inventory at GAS's site, in addition to the NOSA Product produced at the Air Separation Plant to satisfy its supply obligations under the Nitrogen and Oxygen Supply Agreement. On and from the NOSA Commercial Operation Date, GAS shall retain a quantity of dedicated back up inventory of each NOSA Product for the sole benefit of Sadara (the **Dedicated Back-Up Inventory**) equal to quantities set out in the Nitrogen and Oxygen Supply Agreement, with each quantity being maintained at a required level (specified by reference to the number of hours of dedicated back-up for that NOSA Product). No quantity of the Dedicated Back-Up Inventory shall be utilized by GAS without the prior written consent of Sadara unless failure to utilize such quantity of the Dedicated Back-Up Inventory would result in a shortfall quantity.

#### *Utilities Supply:*

GAS must arrange its own power and utility supplies, other than certain power supplies made available in respect of the Air Separation Plant located on the Sadara Complex.

#### *Credit Support:*

GAS must provide to Sadara an irrevocable and unconditional letter of credit or bank guarantee in an agreed amount, valid until the first anniversary of the NOSA Commercial Operation Date, as security for any amount due and payable by GAS to Sadara under the Nitrogen and Oxygen Supply Agreement.

Sadara must provide to GAS an irrevocable and unconditional letter of credit or bank guarantee in an agreed amount, valid for five years from the first supply date and thereafter renewable on each fifth anniversary thereof

for five more years until the end of the initial term, as security for any amount due and payable to GAS by Sadara under the Nitrogen and Oxygen Supply Agreement. The requirement to provide or maintain such letter of credit or bank guarantee may be reviewed by the parties throughout the term at Sadara's request. Failure to provide, renew or replenish such letter of credit in accordance with the terms of the Nitrogen and Oxygen Supply Agreement results in an event of default.

#### *Rates Payable for NOSA Product:*

For each month during commercial operations, Sadara will make payments on the day before the start of each month which will be calculated based on Sadara's NOSA Product demand and subject to a minimum-take-or-pay obligation for each NOSA Product:

- (a) a "**Tier 1 Monthly Payment**" will be payable by Sadara which will be equal to the Minimum-Take-or-Pay Volume for each NOSA Product (such volumes and prices are set out in the Nitrogen and Oxygen Supply Agreement) multiplied by the relevant unit price and the number of hours in the applicable month;
- (b) a "**Tier 2 Monthly Payment**" will be payable by Sadara in respect of the quantity of NOSA Product forecast by Sadara during the applicable month which is greater than the Minimum-Take-or-Pay Volume but less than or equal to the agreed "base contracted volume" (the **Base Contracted Volume**) (or in the case of oxygen, the agreed NOSA Contracted Volume) for such NOSA Product plus or minus the difference between the forecast volume for the last completed month and the actual volume of NOSA Product taken during that month which is greater than the Minimum-Take-or-Pay Volume but less than or equal to the Base Contracted Volume (or in the case of oxygen, the agreed NOSA Contracted Volume) for such NOSA Product, and the payment will be equal to such volume multiplied by the relevant unit price (such volumes and prices are set out in the Nitrogen and Oxygen Supply Agreement); and
- (c) a "**Tier 3 Monthly Payment**" will be payable by Sadara in respect of the quantity of NOSA Product forecast by Sadara during the applicable month which is greater than the Base Contracted Volume (or in the case of oxygen, the NOSA Contracted Volume) for such NOSA Product plus or minus the difference between the forecast volume for the last completed month and the actual volume of NOSA Product taken during that month which is greater than the Base Contracted Volume (or in the case of oxygen, the NOSA Contracted Volume) for such NOSA Product, and the payment will be equal to such volume multiplied by the relevant unit price (such volumes and prices are set out in the Nitrogen and Oxygen Supply Agreement).

The requirement to make payment on the day before the start of each month may be reviewed by the parties throughout the term at Sadara's request.

#### *Escalation:*

The "Aggregate Liability Cap", "the Annual Liquidated Damages Cap", the unit prices set forth in the Nitrogen and Oxygen Supply Agreement and the credit support provided by Sadara are escalated on each anniversary of the "Effective Date" of the Nitrogen and Oxygen Supply Agreement in line with Saudi Arabian General Wholesale Price Index in effect on such anniversary.

#### *Events of Force Majeure:*

The Nitrogen and Oxygen Supply Agreement contains a customary definition of event of force majeure which provides that a party affected by such event will be excused from the performance of its obligations under the Nitrogen and Oxygen Supply Agreement to the extent it has been so affected.

If an event of force majeure under the Nitrogen and Oxygen Supply Agreement delays achievement of the NOSA Commercial Operation Date, then the Scheduled NOSA Commercial Operation Date will be extended. If such an event of force majeure occurs after the NOSA Commercial Operation Date and affects Sadara but not the ability of GAS to make the NOSA Contracted Volume available, Sadara shall continue to make the Tier 1 Monthly Payments, and shall make the Tier 2 Monthly Payments, to the extent that Sadara takes a quantity of output that is greater than the relevant Minimum Take-or-Pay Volume.



If such event of force majeure affects the ability of GAS to make the NOSA Contracted Volume available to Sadara, regardless of whether the ability of Sadara to perform any of its obligations under the Nitrogen and Oxygen Supply Agreement is affected by such event of force majeure, Sadara shall make the Tier 1 Monthly Payments to the extent of the actual volume rather than the Minimum Take-or-Pay Volume; and shall make the Tier 2 Monthly Payments to the extent that Sadara takes output in excess of the relevant Minimum Take-or-Pay Volume.

If an event of force majeure under the Nitrogen and Oxygen Supply Agreement affecting Sadara has been continuing for longer than 365 days, then, rather than terminating the Nitrogen and Oxygen Supply Agreement, Sadara may re-nominate the NOSA Contracted Volumes, the Base Contracted Volumes and/or the Minimum Take-or-Pay Volumes with respect to each type of NOSA Product by notice to GAS and the Tier 1, 2 and 3 Monthly Payments shall be calculated based on these new volumes from the date of notice until the end of the term of the Nitrogen and Oxygen Supply Agreement and all other terms of the Nitrogen and Oxygen Supply Agreement shall continue to apply.

*Offtaker Interconnection Delay Event:*

An "**Offtaker Interconnection Delay Event**" means any act or omission by any member of the Sadara group which delays completion of (a) Sadara's interconnection facilities; (b) GAS' interconnection facilities; (c) the output metering system; or (d) the liquid nitrogen back-up system, by the dates set forth in the implementation schedule and which also prevents GAS from achieving the NOSA Commercial Operation Date by the scheduled NOSA Commercial Operation Date set forth in the implementation schedule. An Offtaker Interconnection Delay Event will not occur if such act or omission is due to: (i) a breach by GAS of any of its obligations under the Nitrogen and Oxygen Supply Agreement, the Article 180 waiver, GAS's performance security, deed of indemnity, direct agreement and any subcontracts; (ii) a negligent act or omission by GAS, any subcontractor or any sub-subcontractor; or (iii) an event of force majeure under the Nitrogen and Oxygen Supply Agreement affecting Sadara or GAS.

An Offtaker Interconnection Delay Event will only entitle GAS to relief to the extent that GAS has made commercially reasonable efforts to reduce to minimize and mitigate the effect of such event or circumstance.

*Abandonment:*

"**Abandonment**" occurs if Sadara declares the Air Separation Unit Project to have been abandoned and: (a) prior to the NOSA Commercial Operation Date, the construction of the Air Separation Plant is 30 (or more) days behind any critical milestone date identified in the implementation schedule and GAS fails to demonstrate to Sadara its ability to perform its obligations under the Nitrogen and Oxygen Supply Agreement taking into account its ability to accelerate; and (b) on or after the NOSA Commercial Operation Date, a willful and unexcused failure by GAS to operate the Air Separation Plant or make available, if the Air Separation Plant is capable of doing so at the time, NOSA Contracted Volume in accordance with the provisions of the Nitrogen and Oxygen Supply Agreement.

If Abandonment occurs prior to the NOSA Commercial Operation Date, then Sadara is entitled to: (a) payment of liquidated damages equal to the full amount of the "Construction Liquidated Damages Cap" set forth in the Nitrogen and Oxygen Supply Agreement less any liquidated damages already paid by GAS to Sadara as at that date; and/or (b) terminate the Nitrogen and Oxygen Supply Agreement.

*Events of Default and Termination:*

The Nitrogen and Oxygen Supply Agreement contains customary events of default and a number of termination events. A pre-agreed cancellation fee shall be payable by Sadara or GAS, depending on which party is at fault or which party has been allocated the underlying risk which has resulted in the termination.

## SUMMARY OF MATERIAL CONTRACTS OF THE ISSUER

For a summary of the material contracts the Issuer is a party to, please see the sections of this Prospectus entitled "*Summary of the Sukuk Transaction Documents*" and "*Summary of the Principal Finance Documents*".



## Summary of the Principal Finance Documents

*The following summaries are not intended to be full statements of the terms of the agreements referred to. Each summary should be read in conjunction with, and is qualified in its entirety by, the full form of the relevant agreement. Copies of the Finance Documents are available for inspection in accordance with the section of this Prospectus entitled “General Information”.*

The senior financing to be sourced by Sadara, is expected to be advanced by a range of institutions including “uncovered” commercial banks, commercial banks benefiting from ECA guarantees or insurance, ECAs, Islamic banks, SIDF (to the extent SIDF participates in the financing of the Project), PIF, and senior financing raised from the capital markets in the form of a *Sukuk*.

This section of this Prospectus summarizes the principal terms of the following Finance Documents:

- (a) GCTA;
- (b) Intercreditor Agreement;
- (c) Accounts Agreement;
- (d) Completion Guarantees;
- (e) Security Documents:
  - (i) Onshore Assignment Agreement;
  - (ii) Onshore Commercial Pledge Agreement;
  - (iii) Onshore Security over Accounts Agreement;
  - (iv) each Share Pledge Agreement;
  - (v) Offshore Charge and Assignment Agreement;
  - (vi) US Security Agreement;
  - (vii) SIDF Security Interest Assignment Agreement;
- (f) Direct Agreements;
- (g) Notice and Acknowledgment of Assignment in relation to the Feedstock Supply Agreements;
- (h) SCTA; and
- (i) Issuer Security Agency Agreement.

## A. GLOBAL COMMON TERMS AGREEMENT

### 1. PARTIES

The parties to the GCTA include, among others, Sadara, the Sukuk Participant, the Intercreditor Agent and the Security Agents.

### 2. SPECIFIED RIGHTS

The Sukuk Participant and the Issuer Security Agents (in each case, whether acting for themselves or on behalf of the Certificateholders) each acknowledge and agree that they shall only be entitled to enjoy the rights in respect of, or benefit of, a provision of the GCTA to the extent such provision does not constitute an Excluded Right.

The Sukuk Participant (whether acting for itself or on behalf of the Certificateholders) confirms that, other than in respect of the Specified Rights, it has no right to enforce any agreement, arrangement or understanding contained in a Finance Document.

### 3. SENIOR DEBT

Subject to the terms of the Finance Documents, the Senior Financing Participants make available to Sadara, the Senior Debt pursuant to the terms of the Senior Financing Instruments.

### 3 - 1 Initial Senior Debt

The Initial Senior Debt will be provided by the Initial Senior Creditors under a number of separate facilities comprising the following:

- (a) on and from the First Financial Close, the Sukuk Participant makes available to Sadara the Sukuk Facility in an aggregate amount equal to its Commitment; and
- (b) on and from the Second Financial Close, the Initial Supplemental Debt Creditors make available to Sadara their respective Initial Supplemental Debt Facilities in an aggregate amount equal to their respective Commitments.

### 3 - 2 Additional Senior Debt

Subject to the terms of the GCTA, in addition to the Initial Facilities, the Equity Bridge Facilities, the Bonds and the *Sukuk*, Sadara (or any Sukuk Issuer or Bond Issuer on its behalf in respect of a capital markets issuance) is permitted, upon satisfying certain specified conditions, to raise the following Additional Senior Debt (creditors thereunder are treated as Senior Creditors in all respects in relation to such Senior Debt, including sharing in the Security on a *pari passu* basis) without the consent of any Senior Financing Participant:

- (a) *Expansion Debt* – to pay the Modification/Expansion Costs of the relevant Expansion Facility or Permitted Development (**Expansion Debt**);
- (b) *Additional CapEx Debt* – to: (i) finance Modification / Expansion Costs of the relevant Expansion Facility or Permitted Development, where the debt is serviced from internally generated funds of the Project and (ii) refinance any indebtedness incurred in respect of an Expansion Facility or a Permitted Development (**Additional CapEx Debt**);
- (c) *Replacement Debt* – to refinance or replace Senior Debt or commitments to provide such Senior Debt (**Replacement Debt**);
- (d) *Supplemental Debt* – to supplement (subject to specified caps outlined in paragraph (n)(iv) of this section) the existing Senior Debt (**Supplemental Debt**); and
- (e) *Buy-down Supplemental Debt* – to replace amounts of the Initial Senior Debt prepaid in order to satisfy the CRT (**Buy-down Supplemental Debt**).

These categories of Additional Senior Debt, and the conditions regulating the incurrence thereof, are discussed at paragraph (n)(iv) of this section.

### 3 - 3 Temporary Shareholder Loans

In addition to making Equity contributions by way of Shareholder Subordinated Loans generally (see below), the Shareholders will be able to make temporary shareholder loans pursuant to the terms of a Subordinated Loan Agreement to meet Project Costs (each a **Temporary Shareholder Loan**) if for any reason Sadara is not able to draw down the Senior Debt. Such Temporary Shareholder Loans will also be subordinated to the Senior Debt, but may be replaced prior to the Project Completion Date by Senior Debt. Temporary Shareholder Loans outstanding on the Project Completion Date will be automatically designated as, and be subject to the limitations of, Shareholder Subordinated Loans.

### 3 - 4 Shareholder Subordinated Loans

As noted above, Equity may be contributed in part through Shareholder Subordinated Loans. Sadara will assign its rights under the Shareholder Subordinated Loans to the Senior Creditors. The Shareholder Subordinated Loans will be secured by the security package to be granted in favor of the Security Agents. However, prior to the date on which the Senior Debt has been repaid in full, any Shareholder Subordinated Loans will be subordinated to the Senior Debt and the Feedstock Supplier Amount due to the Feedstock Supplier.

### 3 - 5 Permitted Debt Baskets

In addition to the debt described above, Sadara may incur limited categories of Permitted Debt without the prior consent of the Senior Creditors, including the following “*baskets*”:

- (a) any indebtedness (without restriction as to purpose) not exceeding USD 250 million;

- (b) any indebtedness in respect of any leases entered into primarily as a method of raising finance or financing the acquisition of an asset up to an aggregate total amount of USD 250 million; and
- (c) indebtedness in respect of any letter of credit facility up to an aggregate total amount of USD 250 million,

in each case, as indexed by changes in the “*Producer Price Index for Finished Goods*” published by the Bureau of Labor Statistics for the United States Department of Labor (or the equivalent thereof).

Under clause 24.1 (*Negative Pledge*) of the GCTA, Sadara undertakes that it will not create, or allow to subsist, any Encumbrance over its assets other than a Permitted Encumbrance. This “negative pledge” effectively ensures that, subject to limited exceptions, the providers of the permitted indebtedness “baskets” referred to above, will not be Secured Parties for the purposes of the Security to be granted under the Security Documents.

## 4. PURPOSE

### 4 - 1 Proceeds of Initial Senior Debt

The purpose of the Initial Senior Debt will be to fund the payment of Project Costs, (including the reimbursement of Project Costs paid by the Sponsors or their Affiliates and the refinancing of any Project Costs funded with the proceeds of any Bridge Financing guaranteed by the Sponsors or their Affiliates, prior to the Second Financial Close) and other payments to the Shareholders and / or the Equity Bridge Facility Creditors in refund of excess Equity in accordance with clause 5.4 (*Sharing of Pre-completion Net Revenues*) of the GCTA (as outlined in paragraph 5 (*Excess Equity and Pre-Completion Revenues*) of this section). The ECA Facilities will be applied towards payment:

- (a) for, or in reimbursement of (where payment for such costs has already been made), Eligible Goods and Services under the Eligible Construction and Supply Contracts;
- (b) of the relevant ECA premia and fees; or
- (c) of commission accruing under the relevant ECA Facility during the period up to and including 30 June 2018.

### 4 - 2 Proceeds of Additional Senior Debt

The purpose for each category of Additional Senior Debt is outlined at paragraph (3-2) (*Additional Senior Debt*) of this section.

## 5. CONDITIONS OF UTILIZATION

### 5 - 1 Sukuk Facility

Subject to the Subscription Agreement, the Sukuk Participant will not be required to advance the Sukuk Facility unless each of the conditions precedent set out in the Subscription Agreement has been satisfied or waived.

### 5 - 2 Initial Supplemental Debt

Subject to the Finance Documents, Sadara may not deliver a Utilization Request (and the Wakala Facility Participants shall not be required to make the first Wakala Facility Stage Payment), unless each of the conditions precedent referred to in the Finance Documents has been satisfied or waived.

## 6. EXCESS EQUITY AND PRE-COMPLETION REVENUES

### 6 - 1 True-up

If, at any time prior to the Project Completion Date, the Debt-to-equity Ratio is lower than 65:35 (other than as a result of a mandatory prepayment pursuant to clause 10 (*Mandatory Prepayments*) of the GCTA or as set out in any Facility Agreement), then Sadara may, upon satisfying the conditions precedent in the relevant Senior Financing Instrument, apply any Senior Debt to the extent available to:

- (a) pay to the Shareholders (as a repayment of a Shareholder Subordinated Loan, dividend or otherwise);
- (b) pay to an Equity Bridge Facility Creditor (as a repayment of an Equity Bridge Facility); or
- (c) make a reduction in Sadara's share capital,

in an amount that (following such payment or reduction) results in a Debt-to-equity Ratio of not more than 65:35.

## 6 - 2 Pre-completion Net Revenues

Prior to the Project Completion Date, Sadara may apply Pre-completion Net Revenues to:

- (a) pay Project Costs;
- (b) repay or refinance Equity (neither therefore increasing nor reducing the total amount of Equity) previously contributed in the form of Hard Equity (consisting of Shareholder Subordinated Loans and / or share capital) *provided that* the aggregate remaining amount of Hard Equity is equal to or greater than 50% of the then estimated Equity required to achieve the Project Completion Date; or
- (c) make distributions (which shall not constitute Equity) to the Shareholders *provided that* the Sharing Amount shall be applied in prepayment of Senior Debt.

Application of Pre-completion Net Revenues pursuant to paragraphs (b) and (c) above shall be subject to the following conditions:

- (i) no Default (with respect to a Fundamental Event of Default or a Supplemental Fundamental Event of Default);
- (ii) no material Force Majeure Event;
- (iii) certification by Sadara that:
  - (A) the Project Completion Date is then projected to occur no later than two years (plus Force Majeure Event extensions) after the Scheduled Project Completion Date; and
  - (B) it has available Equity and Senior Debt in an amount at least equal to the remaining Project Costs then projected by Sadara to be incurred prior to the Project Completion Date; and
- (iv) the Debt-to-equity Ratio (immediately after the proposed application) will not exceed 65:35.

## 7. REPAYMENT

### 7 - 1 Repayments

Sadara will:

- (a) with respect to each Facility Agreement (other than the Islamic Finance Documents), repay the Advances outstanding under that Facility Agreement; and
- (b) with respect to the Islamic Finance Documents, refund Stage Payments, pay the fixed element of the Liquidated Damages and pay Fixed Rental Payments (as appropriate),

in each case, in accordance with the terms of the relevant Facility Agreement, the GCTA and the Intercreditor Agreement.

### 7 - 2 Deferral

Sadara may defer the repayment of a Repayment Installment under a Deferrable Facility in accordance with, and subject to the terms of the relevant Facility Agreement applicable to that Deferrable Facility (or with respect to a Wakala Facility in accordance with the GCTA).

### 7 - 3 Voluntary Prepayment and Cancellation

Sadara may make prepayments against amounts owing under any Relevant Facility (other than the Sukuk

Facility, to which this provision does not apply), without the payment of any penalty or premium (including any make-whole premium but otherwise except as provided for in any relevant Facility Agreement), if the written notice is furnished to the Intercreditor Agent, the relevant Facility Agent and PIF (as applicable) within the requisite times. All voluntary prepayments with respect to any Relevant Facility will be in whole or, if in part, in multiples of USD 5 million (or its equivalent in any other currency). Sadara is also permitted to cancel the unutilized amount of the total commitments under a Relevant Facility (in whole or in part) by giving not less than thirty (30) days' prior written notice to the Intercreditor Agent.

If Sadara elects to prepay (or in the case of an Islamic Facility, make an Early Payment) any Relevant Facility, or cancel the unutilized portion of commitments thereunder, then, subject to certain exceptions, any such prepayment or cancellation shall be made *pro rata* between each Relevant Facility and among the Senior Creditors under each such Relevant Facility, except where the prepayment, Early Payment or cancellation is of commitments that are being refinanced by Replacement Debt taken out after the Second Financial Close.

Further, if Sadara elects to prepay any ECA Facility or the PIF Facility, or cancel the unutilized portion of commitments under any ECA Facility or the PIF Facility, then, subject to certain exceptions where a prepayment premium or penalty could apply, any such prepayment or cancellation shall be made *pro rata* between the ECA Facilities and the PIF Facility.

The *Sukuk* may be redeemed at Sadara's option provided the *Sukuk*'s terms and conditions are complied with and the redemption is in accordance with the *Sukuk* Issuer Documents. The SIDF Facilities (if applicable) may also be prepaid in accordance with the terms of the SIDF Facility Agreements.

The Shareholder Senior Facilities may also be prepaid (including by re designating the same Shareholder Subordinated Loans in accordance with clause 12.9 (*Redesignation*) of the GCTA) or cancelled in accordance with, and pursuant to, the terms of the GCTA and the Shareholder Senior Facility Agreements.

In respect of the *Sukuk* Facility, any Early Payment in full thereof pursuant to the GCTA will be made, in the case of an Early Payment pursuant to:

- (a) clause 10.6 (*Mandatory Prepayment – Sukuk Facility (Tax Event)*) or clause 10.9 (*Mandatory Prepayment – Total Loss Event*) of the GCTA, in an amount equal to the corresponding Termination Distribution Amount of the Certificates together with (without double counting) any and all other amounts whatsoever due and payable by Sadara to the *Sukuk* Participant (acting in any capacity) or on its behalf under the *Sukuk* Facility Documents and the other Finance Documents; and
- (b) clause 10.7 (*Mandatory Prepayment – Sukuk Facility (Call Option)*) of the GCTA, in an amount equal to the corresponding Termination Distribution Amount of the Certificates, pursuant to the terms of the Certificates and (without double counting) any and all other amounts whatsoever due and payable by Sadara to the *Sukuk* Participant (acting in any capacity) or on its behalf under the *Sukuk* Facility Documents and the other Finance Documents.

## 8. CANCELLATION, PREPAYMENT AND REPLACEMENT OF A SINGLE APPLICABLE SENIOR CREDITOR

### 8 - 1 Voluntary Cancellation and Prepayment in relation to a Single Applicable Senior Creditor

If: (a) any sum payable to an Applicable Senior Creditor by Sadara is required to be increased under the tax gross up provisions of the GCTA; or (b) an Applicable Senior Creditor claims indemnification or reimbursement from Sadara under the tax indemnity or increased costs provisions of the GCTA, then Sadara may, in each case, without the payment of any penalty or premium (including any Make-Whole Premium): (i) exercise its rights under the GCTA to replace that Applicable Senior Creditor, other than in respect of the *Sukuk* Participant (to which such rights do not apply); or (ii) give the Intercreditor Agent notice of cancellation of the Commitments of that Applicable Senior Creditor and / or its intention to procure the prepayment or Early Payment (as the case may be) of that Applicable Senior Creditor's participation in the Advances and upon receipt of such notice, the Commitment of that Applicable Senior Creditor shall be immediately reduced to zero.

## 8 - 2 Debt Buy-down Option

- (a) Sadara may elect to prepay or redeem a portion of the Senior Debt (but excluding any Feedstock Supplier Debt) in accordance with paragraph 12 (*Debt Buy-down Option*) of schedule 2 (*Creditors' Reliability Test*) of the GCTA.
- (b) If Sadara so elects, any such prepayment or redemption will be made by way of mandatory prepayment in accordance with paragraph 12.5 (*Prepayment Conditions*) of schedule 2 (*Creditors' Reliability Test*) and the other terms of the GCTA.

## 8 - 3 Replacement of an Applicable Senior Creditor

If, at any time: (a) any Applicable Senior Creditor becomes a Non-Consenting Participant; (b) Sadara becomes obliged to pay any increased amounts under the tax gross up provisions of the GCTA or under the tax indemnity or increased costs provisions of the GCTA; or (c) Sadara becomes obliged to prepay any amount in accordance with the provisions of the GCTA relating to mandatory prepayment for illegality (as to which see paragraph 8 below), then Sadara may, on thirty 30 days' prior written notice (or such shorter period specified in the relevant Facility Agreement (if any)) to the Intercreditor Agent and relevant Facility Agent (and such Applicable Senior Creditor), replace such Applicable Senior Creditor.

Such replacement will be effected by requiring such Applicable Senior Creditor to transfer all (and not part only) of its rights and obligations under the relevant Facility Agreement to another Applicable Senior Creditor or other Eligible Bank selected by Sadara which confirms its willingness to assume and does assume all the obligations of the transferring Applicable Senior Creditor (including the assumption of the transferring Applicable Senior Creditor's participations on the same basis as the transferring Applicable Senior Creditor). Any such replacement is subject to certain further conditions as set out in the GCTA.

## 8 - 4 Defaulting Senior Creditors

If any Senior Creditor (other than a Relevant Creditor) becomes a Defaulting Senior Creditor, Sadara may, at any time whilst the Senior Creditor (other than the Sukuk Participant, to whom this provision does not apply) continues to be a Defaulting Senior Creditor, give the Intercreditor Agent ten Business Days' prior notice to: (a) cancel any undrawn commitments of that Defaulting Senior Creditor; and (b) replace that Defaulting Senior Creditor by causing a transfer of its rights and obligations under the Finance Documents to an Applicable Senior Creditor or other Eligible Bank nominated by Sadara on the terms set out in the GCTA (in each case, without premium or penalty to Sadara).

# 9. MANDATORY PREPAYMENTS

## 9 - 1 Illegality

If it becomes unlawful in any applicable jurisdiction for an Applicable Senior Creditor (the **Affected Participant**) to perform any of its obligations as contemplated by the Finance Documents or to fund or maintain its participation in any Advance (other than, with respect to an Islamic Facility, as the result of the occurrence of a Total Loss Event), then, upon notification to Sadara, the Commitment of the Affected Participant will be immediately cancelled and Sadara will prepay or make an Early Payment (as the case may be) in full with respect to that Affected Participant's participation in the relevant Advances on: (a) the next succeeding Repayment Date; or (b) (if earlier), the date such prepayment is required in accordance with the Applicable Law or any Facility Agreement.

## 9 - 2 Casualty Proceeds

From the Project Completion Date, if Sadara receives Casualty Proceeds following an event of a loss of, or damage to, the Sadara Complex (other than in respect of the Islamic Facility Assets (*but excluding* those assets relating to the Sukuk Facility)) in an amount which is at least USD 100 million (indexed) (or its equivalent in any other currency) and which either:

- (a) are not applied or committed to be applied in repair or reinstatement within 120 days after the relevant event of loss or damage to the Sadara Complex (other than where Sadara has applied, or so committed to be applied, funds that are not Casualty Proceeds in repair or reinstatement



within 120 days after the relevant event of loss or damage to the Sadara Complex); or

- (b) exceed the cost of repair or reinstatement,

Sadara is required (except as may be agreed otherwise with the relevant Senior Creditors under a Senior Financing Instrument) to apply the Relevant Amount in prepayment of:

- (i) *first*, to the extent SIDF participates in the financing of the Project, then if required by SIDF, the SIDF Facilities to the extent such Casualty Proceeds have been assigned to SIDF; and
- (ii) *second*, the Applicable Senior Debt (other than any SIDF Facilities (if applicable)) and, without the payment of any penalty or premium, and the Sukuk Facility.

### 9 - 3 Expropriation Proceeds

Any Expropriation Proceeds received by Sadara in excess of USD 50 million (indexed) (or its equivalent in any other currency) will be deposited into the Casualty and Expropriation Proceeds Account and applied as follows:

- (a) towards modifications to the Sadara Complex that enable the Sadara Complex to operate, in all material respects, as if the expropriation or condemnation event had not occurred (**Expropriation Modifications**);
- (b) to reimburse (i) Sadara by way of transfer from the Casualty and Expropriation Proceeds Account to the Offshore Operating Account and / or (ii) any Shareholder (or its Affiliate), at Sadara's direction (in the case of a Shareholder (or its Affiliate), for the costs of any Expropriation Modifications previously expended by Sadara or any Shareholder (or its Affiliate) (as applicable); or
- (c) to the extent that any such Expropriation Proceeds cannot be applied towards Expropriation Modifications or such reimbursement (as determined by Sadara (acting reasonably)), as directed by the Intercreditor Agent to prepay, redeem or make an Early Payment *pro rata* of any Senior Debt which, under the terms of the relevant Senior Financing Instrument, is required to be prepaid with the proceeds of such Expropriation Proceeds.

### 9 - 4 Sharing of Pre-Completion Net Revenues Proceeds

Other than as may otherwise be agreed by the Applicable Senior Creditors and the Sukuk Participant, Sadara will prepay or make an Early Payment of, as the case may be, the Applicable Senior Debt and without the payment of any penalty or premium, the Sukuk Facility in accordance with, and to the extent required by, clause 5.4 (*Sharing of Pre-completion Net Revenues*) of the GCTA.

### 9 - 5 Mandatory Redemption of Sukuk

Any mandatory redemption of the Sukuk, shall be made in accordance with the GCTA and the relevant provisions of the Sukuk Transaction Documents.

### 9 - 6 Mandatory prepayments – Sukuk Facility (Tax Event)

Following the occurrence of a Tax Event pursuant to which the Sukuk Participant has elected to redeem the Certificates in whole but not in part pursuant to the relevant Conditions, on or prior to the date upon which the Sukuk Participant has elected to make such redemption, Sadara will make an Early Payment in an amount equal to the applicable Termination Distribution Amount of the Certificates together with (without double counting) any and all other amounts whatsoever due and payable by Sadara to the Sukuk Participant (in any capacity) or on its behalf under the Sukuk Facility Documents and the other Finance Documents.

### 9 - 7 Mandatory prepayments – Sukuk Facility (Call Option)

- (a) In respect of any Periodic Distribution Date that is five (5) years or more after the date of issuance of the Sukuk on which the Sukuk Participant has elected to redeem the Certificates in whole but not in part as permitted pursuant to the Conditions, Sadara will, on or prior to such date, make an Early Payment in an amount equal to the applicable Termination Distribution Amount of the Certificates pursuant to the terms of the Certificates, together with (without

double counting) any and all other amounts whatsoever due and payable by Sadara to the Sukuk Participant (in any capacity) or on its behalf under the Sukuk Facility Documents and the other Finance Documents.

- (b) At any time after an Enforcement Event (as such term is defined in the relevant Conditions) following which the Issuer has elected to require the redemption of the relevant Certificates in whole but not in part as permitted pursuant to the relevant Conditions, Sadara will, on or prior to such date, make an Early Payment under the Sukuk Facility in the amount stipulated in the applicable provision of the GCTA. For the avoidance of doubt, any Early Payment made following an Enforcement Event will not include any Sukuk Issuer Premium.

### 9 - 8 Mandatory prepayments – Sukuk Facility

If the Finance Documents comprising the Initial Supplemental Debt are not executed by a date falling no later than six (6) months after the Closing Date, Sadara will, without the payment of any penalty or premium, redeem the Initial Sukuk Facility by making an Early Payment on the next Periodic Distribution Date in an amount equal to the applicable Termination Distribution Amount of the Certificates and in accordance with the terms of the Certificates.

### 9 - 9 Mandatory prepayment – Total Loss Event

If a Total Loss Event occurs with respect to an Islamic Facility, then:

- (a) subject to the provisions described under “Pre Conditions Specific To Incurring Replacement Debt” below, Sadara may, within 60 days of the occurrence of that Total Loss Event, replace the relevant Islamic Facility in full with Replacement Debt by making an Early Payment in full in an amount equal to all amounts outstanding under the relevant Islamic Facility and all other amounts due to the relevant Senior Creditor under the Finance Documents, which in the case of the Sukuk Facility will be an amount equal to the applicable Termination Distribution Amount of the Certificates together with (without double counting) any and all other amounts whatsoever due and payable by Sadara to the Sukuk Participant (in any capacity) or on its behalf under the Sukuk Transaction Documents and the other Transaction Documents; and
- (b) if Sadara has not replaced the relevant Islamic Facility in full with Replacement Debt within 60 days of the occurrence of the Total Loss Event in accordance with paragraph (a) above, Sadara will be required immediately (and on a *pro rata* and *pari passu* basis) (i) to make any payment required under the relevant Islamic Facility in respect of which the Total Loss Event has occurred, in the amount provided under, and subject to, the relevant Facility Agreement, including an amount equal to the Total Loss Shortfall Amount, and (ii) make an Early Payment of an amount equal to all amounts outstanding under each other Facility, which in the case of the Sukuk Facility will be an amount equal to the applicable Termination Distribution Amount of the Certificates together with (without double counting) any and all other amounts whatsoever due and payable by Sadara to the Sukuk Participant (in any capacity) or on its behalf under the Sukuk Transaction Documents and the other Finance Documents.

In the case of a Total Loss Event in relation to the Sukuk Facility, investors should also read the section of this Prospectus entitled “*Summary of the Sukuk Transaction Documents*” for a more detailed description of the provisions applicable to the Sukuk Facility.

### 9 - 10 Relevant Mandatory Prepayments

Where there is a breach by Sadara of certain undertakings (which, generally, reflect specific policy considerations) specified in a relevant Senior Financing Instrument, then Sadara would be obliged to make a Relevant Mandatory Prepayment which would rank below funding of the Debt Service Reserve Account and above taxes in the payment cascades.

## 10. INSURANCE PROCEEDS

### 10 - 1 Islamic Facilities

From the Project Completion Date, where Sadara receives Casualty Proceeds in the event of a loss of, or damage to, the Islamic Facility Assets (except those assets relating to the Sukuk Facility), Sadara will:

- (a) pay such Casualty Proceeds into the Casualty and Expropriation Proceeds Account; and
- (b) unless otherwise directed by the Intercreditor Agent, apply or notify the Intercreditor Agent of its intent to apply such Casualty Proceeds within 120 days of receipt to repair or reinstate the Islamic Facility Assets (other than where Sadara has applied, or committed to be applied, funds that are not Casualty Proceeds within one hundred and twenty (120) days of receipt to repair or reinstate the Islamic Facility Assets),

*provided that* if: (i) such Casualty Proceeds exceed the cost of such repair or reinstatement; or (ii) Sadara has applied funds other than such Casualty Proceeds in repair or reinstatement, then Sadara shall be entitled, in each case:

- (c) to the extent that Sadara has applied funds provided by the Sponsors or their Affiliates in repair or reinstatement, to pay such Casualty Proceeds directly to the Sponsors; or
- (d) otherwise to transfer such excess Casualty Proceeds from the Casualty and Expropriation Proceeds Account to the Offshore Revenues Account.

### 10 - 2 Other Casualty Proceeds

From the Project Completion Date, in the event of a loss of, or damage to, the Sadara Complex (other than the Islamic Facility Assets (except those assets relating to the Sukuk Facility) resulting in the receipt by Sadara of Casualty Proceeds of less than USD 100 million (indexed), Sadara will pay such Casualty Proceeds into the Casualty and Expropriation Proceeds Account and either:

- (a) apply such Casualty Proceeds to repair or reinstate the Sadara Complex to at least a substantially similar annualized production capacity or Net Revenue Generating Capacity as immediately prior to such loss or damage, *provided that* if such Casualty Proceeds exceed the cost of such repair or reinstatement or Sadara has applied other funds in repair or reinstatement, Sadara will be entitled:
  - (i) to the extent that Sadara has applied funds provided by the Sponsors in repair or reinstatement, to pay such Casualty Proceeds directly to the Sponsors; or
  - (ii) otherwise to transfer such excess Casualty Proceeds from the Casualty and Expropriation Proceeds Account to the Offshore Revenues Account; or
- (b) deliver a certificate to the Intercreditor Agent certifying that failure to repair or reinstate the Sadara Complex will not (other than in an immaterial respect) result in a reduction in the annualized production capacity or Net Revenue Generating Capacity of the Sadara Complex as immediately prior to such loss or damage, in which case Sadara will be entitled to transfer such Casualty Proceeds to the Offshore Revenues Account.

Where the Casualty Proceeds exceed USD 100 million (indexed), then Sadara may notify the Intercreditor Agent of its intent, subject to the terms of the clause 11.3 (*Casualty Proceeds – equal to or greater than one hundred million dollars (USD 100,000,000)*) of the GCTA, to apply such Casualty Proceeds or such other funds to rebuild or repair the Sadara Complex to at least a substantially similar:

- (i) annualized production capacity of each Product then being produced at the Sadara Complex; or
- (ii) Net Revenue Generating Capacity of the Sadara Complex,

as immediately prior to such loss or damage.

- (c) To the extent that: (i) the Sadara Complex is not rebuilt or repaired, the Relevant Amount will be applied in mandatory prepayment or Early Payment, as the case may be in accordance with clause 10.2 (*Casualty Proceeds*) of the GCTA; and (ii) there are any excess proceeds remaining in the Casualty and Expropriation Proceeds Account which are not required to repair or rebuild the Sadara Complex, then the Relevant Amount will be applied in mandatory prepayment or Early Payment, as the case may be in accordance with clause 10.2 (*Casualty Proceeds*) of the GCTA.

## 11. COMMISSION

### 11 - 1 Commission Periods

In respect of each Advance, the first Commission Period will start on (and include) the Utilization Date and end on (but exclude) the next Commission Payment Date, and each subsequent Commission Period will commence on, and include, a Commission Payment Date and end on (but exclude) the next following Commission Payment Date, or, if earlier, the applicable Final Maturity Date.

### 11 - 2 Payment of Commission

Commission will be payable on the Senior Financing Instruments (other than the Islamic Facilities (as to which see paragraph (iii) (*Payment under the Islamic Facilities*) below)) in accordance with the terms of the applicable Senior Financing Instrument.

### 11 - 3 Payment under the Islamic Facilities

With respect to the Islamic Facilities, Sadara will pay Advance Rental Payments, Fixed Rental Payments, Variable Rental Payments and the variable element of any Liquidated Damages at the times and in accordance with the terms of the relevant Finance Document applicable to that Islamic Facility.

### 11 - 4 Default Commission

If Sadara fails to pay any amount (not being an amount then the subject of a deferral in accordance with the terms of the GCTA) payable by it under a Senior Financing Instrument on its due date (whether at stated maturity, by acceleration or otherwise):

- (a) in the case of Senior Financing Instrument (other than an Islamic Facility), commission shall accrue on the overdue amount in accordance with the terms of the applicable Senior Financing Instrument; and
- (b) in the case of each payment due to an Islamic Financing Participant, such amount shall be increased to include a late payment amount in accordance with the terms of the relevant Islamic Finance Documents.

### 11 - 5 Waiver of Interest

In the case of any Islamic Facility, the GCTA does not include or contain any provision relating to interest (*riba*) and no provision of the GCTA shall be interpreted to mean or denote the same. Sadara and the Islamic Financing Participants undertake to waive any interest (*riba*) that may be approved or awarded by virtue of a judgment or interpretation or otherwise.

### 11 - 6 Promissory Notes

Sadara will, in respect of each Facility (other than the PIF Facility, the SIDF Facilities (if any) and the Wakala Facilities), deliver to the relevant Facility Agent with each Utilization Request or, in the case of the Sukuk Participant, on the date of the requested Utilization:

- (a) one or more Promissory Notes which are in an aggregate amount equal to the amount of the requested drawdown under the relevant Facility, which in the case of a Sukuk Facility shall be the aggregate face amount of the Certificates issued under the Sukuk Facility) (the **Principal Notes**); and
- (b) one or more Promissory Notes which are in an aggregate amount equal to the maximum amount of commission which the relevant Facility Agent reasonably estimates would be likely to accrue during the next 12 month period on or with respect to the principal amount pursuant to the requested Utilization, which in the case of a Sukuk Facility will be equal to the Advance Rental Payments, the variable element of any Rental Payments or the variable element of any Delayed Delivery Compensation payable during the next twelve (12) month period (the **Commission Notes**).

In relation to the Sukuk Facility, the relevant Sukuk Participant will provide such estimate based on advice or instructions received by it from the Payments Administrator and will provide a copy of each such estimate to the Certificateholders' Agent and any Issuer Security Agent.

If at any time the relevant Facility Agent (other than PIF, SIDF or the Wakala Facility Agent) reasonably believes that it is likely that the amount of commission that will accrue in respect of the disbursed amount of a Facility (other than the PIF Facility, the SIDF Facilities (if any) or the Wakala Facilities) in the next 12 month period, will exceed the aggregate amount of the Commission Notes issued by Sadara, then, upon request, Sadara will provide to that Facility Agent further Commission Notes as required.

On or about the date falling 11 months after the date of a Promissory Note (other than a Promissory Note provided under the Wakala Facility Specified Forward Lease Agreement) (the **Relevant Note**), Sadara will provide to the relevant Facility Agent:

- (a) in respect of a Principal Note, one or more substitute Principal Notes which are in an aggregate amount equal to the amount of the Relevant Note (as reduced by an amount equal to any repayment, prepayment, Early Payment or cancellation under the relevant Facility represented by such Relevant Note); and
- (b) in respect of a Commission Note, one or more substitute Commission Notes such that the aggregate amount of Commission Notes issued by Sadara and held by that Facility Agent (excluding for these purposes the Relevant Note) is at least equal to the amount of commission, which that Facility Agent reasonably estimates will fall due for payment in the 12 month period following the date of receipt of the new Commission Note.

In relation to the Sukuk Facility, the Sukuk Participant will provide such estimate based on advice or instructions received by it from the Payments Administrator and will provide a copy of each such estimate to the Certificateholders' Agent and any Issuer Security Agent.

Each Facility Agent will undertake in the relevant Finance Document that it will not present or permit to be presented any of the Promissory Notes for payment other than to the Negotiable Instruments Committee.

Each Facility Agent (other than the Wakala Facility Agent), but not SIDF (to the extent it participates in the financing of the Project) and PIF, shall return to Sadara the Promissory Notes then held by it, where they have been replaced as contemplated above, or where all amounts of principal and commission have been paid in full.

In respect of the Wakala Facility, the Wakala Facility Specified Lease Agreement contains terms regarding delivery of Promissory Notes that are substantially the same as those outlined above.

## 12. TAX GROSS UP AND INDEMNITIES

Sadara will make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by Applicable Law.

If a Tax Deduction (including a deduction or withholding required pursuant to Article 68 of the Income and Tax Law and Article 63 of the Implementing Regulations issued thereunder) is required by Applicable Law to be made by Sadara under a Finance Document, the amount of the payment due from Sadara will be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

Sadara will (within three Business Days of demand by an Administrative Agent, and subject to certain exceptions, pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party has suffered for or on account of Tax as a result of Sadara's failure to comply with its obligations to make a Tax Deduction with respect to which it is required to make a payment under clause 17.2(c) (*Tax Gross Up*) of the GCTA or which would not have been imposed but for a connection between Sadara and the jurisdiction imposing such Tax.

For the purposes of clause 17 (*Tax Gross Up*) and Indemnities of the GCTA, a reference to:

- (a) "**Finance Document**" excludes the Sukuk Facility Documents;
- (b) "**Senior Financing Participant**" excludes the Sukuk Participant; and
- (c) "**Senior Creditor**" excludes the Sukuk Participant.

### 13. INCREASED COSTS

In accordance with clause 18 (*Increased Costs*) of the GCTA, Sadara is required to pay any Applicable Senior Financing Participant's (such Applicable Senior Financing Participant, an **Increased Costs Party**) increased costs resulting from a change in, or compliance with, Applicable Laws made after the Second Signing Date subject to certain exceptions relating to taxes, willful breach of Applicable Law, increased costs which have been compensated for by the payment of any Mandatory Cost or which have not been notified in writing to the Company within two months of the Applicable Senior Financing Participant becoming aware of such Increased Cost, and, except in the case of any Relevant Creditor or any ECA Creditor, such party's relationship to The Kingdom. As a consequence of this last exception, the increased costs protection would not apply to any Increased Costs Party based in The Kingdom (except for any Relevant Creditor or any relevant ECA Creditor). Further, increased costs relating to: (i) compliance with the Basel II standards; and (ii) attributable to any Bank Levy (but only to the extent that such Bank Levy is no more onerous than in respect of (x) a Bank Levy not yet enacted into law, any draft of such proposed Bank Levy as at the Second Signing Date or (ii) any other Bank Levy, as set out under existing law as at the Second Signing Date) will not be paid by Sadara.

### 14. INDEMNITIES

The Applicable Senior Financing Participants also benefit from a currency indemnity as well as certain other indemnities in respect of any cost, loss or liability incurred by an Applicable Senior Financing Participant arising as a result of certain specified circumstances set out at clause 19.2 (*Other Indemnities*) of the GCTA.

### 15. COVENANTS

#### 15 - 1 Common Covenants

Sadara is subject to customary covenants and reporting requirements for a project of this type. These include the following covenants (subject, where applicable, to materiality qualifications and cure periods):

- (a) provide a wide range of customary periodic information on Sadara and the Project, including Financial Statements (audited and unaudited) and copies of new documents;
- (b) notify the Intercreditor Agent of the occurrence of a wide range of prescribed events of a type traditionally seen on a multi-sourced project financing of this nature and size, including litigation, Tax Payments, force majeure, suspensions, defaults;
- (c) apply the proceeds of the Senior Debt towards the purposes for which they are permitted under the GCTA and the relevant Senior Financing Instruments only;
- (d) comply in all material respects with all Applicable Laws, rules, regulations and orders;
- (e) obtain, maintain and comply with all Governmental Consents;
- (f) pay all Taxes and file all Tax returns on a timely basis (without incurring penalties);
- (g) maintain an acceptable accounting system and records and books of account in accordance with IFRS;
- (h) maintain its existence and power and authority to conduct business;
- (i) save in certain circumstances, enforce the terms of each Major Project Document to which it is a party;
- (j) procure and maintain the benefit of all easements and other property interests (including intellectual property rights) as are necessary to construct and operate the Project except where failure to do so could not reasonably be expected to have a Material Adverse Effect;
- (k) appoint and maintain internationally recognized auditors licensed to practice in The Kingdom;
- (l) maintain its title and interest in all assets owned or purported to be owned by it and to ensure that it has the necessary rights of access to such assets as are required by Sadara for the purposes of the Project;
- (m) permit the Technical and Environmental Consultant, the Insurance Consultant, PIF, SIDF (to the extent it participates in the financing of the Project) or the ECAs to visit the Sadara Complex and to inspect all facilities, plant and equipment forming part of the Sadara Complex;
- (n) maintain proper books, accounts, records and procedures in relation to its business and



- undertaking reasonably sufficient to monitor the progress of the Project;
- (o) design, construct, operate, repair and maintain the Sadara Complex in accordance with Good Industry Practice;
- (p) ensure that any proposed counterparty to any Hedging Agreement is, or becomes, a party to the Intercreditor Agreement;
- (q) notify the Intercreditor Agent of any change made to its authorized signatories and provide copies to the Intercreditor Agent of such powers of attorney (or equivalent instruments) as are necessary to authorize such new authorized signatories;
- (r) create and perfect or procure the creation and perfection of such security interest in favor of the Onshore Security Agent over Sadara's interest in the Sadara Complex and all buildings, fixed plant and machinery affixed thereto (other than the Lease Assets) or situated thereon to the extent permitted under the laws of The Kingdom as soon as reasonably practicable after: (i) a change in the laws of The Kingdom; or (ii) a commonly accepted change in practice of the applicable authority in The Kingdom which results in it being possible to create and perfect a mortgage or pledge over real property in The Kingdom in favor of the Secured Parties;
- (s) if the SIDF Facilities are not in place at the Project Completion Date, or at any time thereafter the SIDF Facilities are repaid in full, then, to the extent possible under Applicable Law, grant to the relevant Security Agent, on behalf of the Secured Parties, the following Encumbrances that were granted or were to be granted to SIDF, namely: a pledge over certain of Sadara's fixed assets, an assignment over certain technology rights related to the Project and an assignment over the Required Insurances;
- (t) ensure that the claims of the Senior Creditors against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors save those whose claims are mandatorily preferred by-laws of general application;
- (u) not create or permit to subsist any security over any of its present or future assets, subject to certain Permitted Encumbrances;
- (v) not create, incur, be liable for or permit to subsist Financial Indebtedness, subject to certain permitted Financial Indebtedness;
- (w) not make any material amendments to its constitutional documents, subject to certain exceptions;
- (x) not make loans or investments, grant any credit, subject to certain exceptions;
- (y) not make any disposals of assets, subject to certain exceptions;
- (z) not carry on any other business other than the Project or other activities related directly to the development, construction, operation and maintenance of the Project, and shall in any event in relation to any Subsidiary include only the business for which it was permitted to be incorporated;
- (aa) not agree to or acquiesce in any variation, amendment or waiver of any provision of, or grant any consent under any Major Project Document or Construction Contract where to do so could reasonably be expected to have a Material Adverse Effect;
- (bb) not issue any further share capital or alter any rights attaching to its shares, or, after the Project Completion Date, reduce, cancel, redeem or purchase any of its shares in an amount which would reduce Sadara's total share capital subscriptions to less than USD 1.5 billion unless otherwise permitted;
- (cc) not merge, consolidate or enter into, or permit any Subsidiary to merge, consolidate or enter into, any corporate restructuring with any other person, subject to certain exceptions;
- (dd) not change its financial year end, or its legal, trade or business name;
- (ee) not enter into any transaction (other than pursuant to the Finance Documents, the Equity Bridge Finance Documents, the Project Documents or the Construction Contracts, or any documents or arrangements replacing any of the foregoing), except during the ordinary course of business and on terms no less favorable to Sadara than on arm's length terms and where to do so could not reasonably be expected to have a Material Adverse Effect;
- (ff) not enter into any hedging arrangements other than Permitted Hedging Arrangements;
- (gg) not enter into, or permit any Subsidiary to enter into, any new Project Documents or other

contracts (other than the Finance Documents, the Equity Bridge Finance Documents, the Project Documents, the Construction Contracts the Subordinated Loan Agreements, the Shareholder Undertaking Agreement and any other agreements that Sadara is permitted to enter into in accordance with the Finance Documents and Equity Bridge Finance Documents) to the extent that entry into such document could reasonably be expected to have a Material Adverse Effect or enter into any agreement that could conflict in any material respect with any Finance Document, any Equity Bridge Finance Document or any Project Document, save for agreed exceptions;

- (hh) not settle or discontinue any action or proceedings under or in connection with the Major Project Documents, the Governmental Consents or the Project which could reasonably be expected to have a Material Adverse Effect;
- (ii) not form any subsidiary(ies) or legally or beneficially own or hold any share capital or ownership interest or security convertible into share capital or ownership interest of any person subject to certain exceptions;
- (jj) not open any bank accounts other than the Project Accounts and certain other permitted accounts;
- (kk) not agree to any amendment, variation, supplement, waiver, release or novation to any term of any Equity Bridge Finance Documents or take, or omit to take any action, in each case, whereby the ranking and / or subordination contemplated by the Intercreditor Agreement is reasonably likely to be impaired;
- (ll) not claim for itself or any of its assets, immunity from suit, execution, attachment or other legal process;
- (mm) not make any distributions to the shareholders except as permitted under the Finance Documents;
- (nn) not enter into any SIDF Facility Agreement unless: (i) the SIDF Facility is entered into prior to the Project Completion Date; (ii) the aggregate principal amount under all SIDF Facilities does not exceed an amount to be agreed reflecting the finance plan; (iii) the proceeds of any SIDF Facility are used to fund Project Costs; or (iv) subject to certain exceptions, the terms and conditions of the SIDF Facility are substantially in the form agreed with the Intercreditor Agent;
- (oo) not make any material changes to the Sadara Complex other than Permitted Developments and Expansion Facilities;
- (pp) not guarantee or become obliged for all or any part of any financial or other obligation of another person, other than where constituting Permitted Debt;
- (qq) not terminate a Dow Product Marketing and Lifting Agreement (except in certain specified circumstances as described in clause 24.24 (*Product Marketing and Lifting Agreements*) of the GCTA; and
- (rr) not make any prohibited payment.

## 16. COMMON EVENTS OF DEFAULTS

Sadara is subject to events of default, the scope of which are customary for a project of this type. A number of these events are qualified by reference to materiality, reasonableness or material adverse effect and / or which have grace periods or “cure” periods, particularly in relation to replacing transaction documents. These events of default (the **Common Events of Default**) include:

- (a) failure by Sadara to pay amounts due under the Finance Documents within the specified periods;
- (b) failure by Sadara, a Sponsor or a shareholder to perform, or a material violation of, certain obligations;
- (c) breach of the covenants and undertakings set out in specified Finance Documents;
- (d) breach, repudiation, suspension, termination, revocation or unenforceability of Major Project Documents (and any related Direct Agreement and/or Notice and Acknowledgment of Assignment, as the case may be) or Governmental Consents;
- (e) illegality, invalidity or unenforceability of specified transaction documents (including security documents);

- (f) cross-default in respect of a failure to pay, acceleration or unsatisfied judgments in respect of any Financial Indebtedness in excess of the specified threshold amounts;
- (g) unsatisfied judgments against Sadara in aggregate in excess of USD 150 million unless being appealed or defended in good faith and in respect of which adequate provision has been made in accordance with IFRS;
- (h) expropriation or nationalization of the Project, Sadara or in Third Party Projects;
- (i) failure to achieve project completion by the specified long-stop date, as well as abandonment or destruction of the Sadara Complex;
- (j) Enforcement Action taken pursuant to the SIDF Security Interest Agreement (if any);
- (k) destruction of the whole or substantially all of the Sadara Complex (subject to certain exceptions);
- (l) breach by the Sponsors of their share retention obligations in respect of Sadara;
- (m) breach by Sadara of its share retention obligations in respect of the Bond Issuer (if any) and the Sukuk Participant;
- (n) failure by Sadara to request that the shareholders make a Cost Overrun Contribution or failure by any shareholder to make its Cost Overrun Contributions in accordance with the Shareholder Undertaking Agreement;
- (o) insolvency or bankruptcy and analogous procedural events relating to Sadara, Dow or Saudi Aramco; and
- (p) defaults arising from a party becoming involved in any litigation, arbitration or similar proceedings, subject to customary exclusions and materiality qualifications.

## 17. CONSEQUENCES OF AN EVENT OF DEFAULT

Subject to the terms of the Intercreditor Agreement, prior to the Project Completion Date, if a Fundamental Event of Default or Supplemental Fundamental Event of Default has occurred and is continuing, the Intercreditor Agent may, following a vote taken by the Senior Creditors in accordance with the Intercreditor Agreement, take any action to exercise or enforce any rights under a Completion Guarantee and a Bond Completion Guarantee.

Subject to the terms of the Intercreditor Agreement, on and at any time after the occurrence of an Event of Default which is continuing, the Intercreditor Agent may, following a vote taken by the Senior Creditors in accordance with the Intercreditor Agreement, take Enforcement Action on customary terms including suspension of commitments and / or termination acceleration and / or blocking of Project Accounts.

Save as may otherwise be permitted by the terms of the Intercreditor Agreement, none of the Senior Financing Participants (nor any person on their behalf) will take any action or commence legal proceedings against Sadara to recover any part of the Secured Obligations, nor petition or apply for the winding-up or similar arrangement in relation to Sadara.

## 18. SHARE-TRANSFER RESTRICTIONS

There would be a Fundamental Event of Default pursuant to clause 25.14 (*Ownership of the Company*) of the GCTA if the Sponsors effect a direct or indirect share-transfer in breach of the share-transfer restrictions set out in clause 27.2 (*Share Retention Requirements*) of the GCTA.

Saudi Aramco is required, prior to the Project Completion Date, to maintain at least 65% (direct or indirect) legal and beneficial ownership interest in Sadara prior to the transfer to the PublicCo Shareholder of the PublicCo Share Percentage and at least 35% (direct or indirect) legal and beneficial ownership in Sadara after such transfer to the PublicCo Shareholder.

Prior to the Project Completion Date, Dow is required to maintain at least 35% (direct or indirect) legal and beneficial ownership interest in Sadara.

After the Project Completion Date and prior to the Last Non Bond Final Maturity Date (if applicable), Dow is required to maintain at least 20% (direct or indirect) legal and beneficial ownership interest in Sadara, and Saudi Aramco is required to maintain at least: (i) 50% (direct or indirect) legal and beneficial ownership interest in Sadara if the IPO does not occur; and (ii) otherwise 20% (direct or indirect) legal and beneficial ownership interest in Sadara.

Additionally, the Sponsors are required at all times to maintain a minimum aggregate direct or indirect beneficial ownership in Sadara of 51%.

In addition, the occurrence of the Dow Exit Date, shall also constitute an Event of Default under clause 25.14 (*Ownership of the Company*) of the GCTA (**Dow Shareholder EoD**). Upon the occurrence of a Dow Shareholder EoD, Saudi Aramco will have 12 months from the Dow Exit Date (**Remedy Period**) to remedy the Dow Shareholder EoD *provided that*, as at the Dow Exit Date, Saudi Aramco has assumed the obligations of DEH and Dow under the Dow Completion Guarantees. A Dow Shareholder EoD will be deemed to have been remedied if, within the Remedy Period, Saudi Aramco has delivered a plan to the satisfaction of the Intercreditor Agent (acting on the instructions of the Majority Relevant Applicable Senior Creditors) evidencing that either Saudi Aramco (or any of its Affiliates) or a third party transferee has the appropriate financial and technical capability to perform the relevant obligations of Dow (and its Affiliates) under the applicable Finance Documents and the Major Project Documents, to the extent that the performance of such obligations is impacted by the occurrence of the Dow Exit Date.

During the Remedy Period a standstill will occur whereby no Senior Financing Participant will be entitled to take any Enforcement Action against Sadara, a shareholder or a Sponsor in respect of a Dow Shareholder EoD which is continuing.

## 19. IPO

Pursuant to clause 27.6 (*IPO*) of the GCTA, it is intended that as soon as practicable after the Second Financial Close, the Saudi Aramco Shareholder will transfer up to 30% of its ownership interests (the **PublicCo Share Percentage**) in Sadara to either PublicCo or a wholly-owned limited liability subsidiary of PublicCo to be incorporated in The Kingdom (the person to which the Saudi Aramco Shareholder transfers the PublicCo Share Percentage being, the **PublicCo Shareholder**) for the purposes of selling an interest in PublicCo to the public through an IPO.

Saudi Aramco (or any of its Affiliates) may be one of the founding shareholders of PublicCo, but will not be obliged to retain any shares in PublicCo. The consent of the Senior Creditors will not be required to effect the IPO and the Senior Creditors shall not have any control over the identity of the shareholders in PublicCo.

## 20. PROJECT COMPLETION DATE

The pre conditions to the occurrence of the Project Completion Date (and thus the release of the Completion Guarantees) are set out in clause 28 (*Project Completion Date*) of the GCTA, which conditions include, among other things:

- (a) the completion of the construction in all material respects of the Sadara Complex;
- (b) the satisfaction of the CRT;
- (c) the certification by Sadara as to obtaining all required Governmental Consents (subject to customary exceptions);
- (d) the absence of any Default;
- (e) the funding of the Debt Service Reserve Account;
- (f) full repayment of the Equity Bridge Facilities;
- (g) the achievement of the required 65:35 Debt-to-equity Ratio;
- (h) the Insurance Consultant's report confirms that the Required Insurances then required to be maintained in accordance with the Finance Documents, are in full force and effect; and
- (i) the amount of Equity includes at least USD 3 billion of Hard Equity of which no less than USD 1.5 billion is paid by way of share capital subscriptions.

## 21. THE FINANCIAL MODEL

Sadara will maintain the Financial Model for the purposes of preparing calculations and forecasts in accordance with the terms of the GCTA. Sadara is precluded (subject to certain exceptions) from making any modifications to the form or structure of the Financial Model (other than the inputting of different assumptions) without the prior written consent of the Intercreditor Agent.

## 22. BANKING CASES / COMPANY DISTRIBUTION MODEL

### 22 - 1 Delivery of Banking Cases / Company Distribution Model

Sadara will deliver to the Intercreditor Agent and the Technical and Environmental Consultant, Banking Cases and / or a Company Distribution Model at the times required by the GCTA.

Each Banking Case delivered by Sadara will be prepared by Sadara using the Financial Model, be presented in substantially the form of the initial Project forecast and identify those material changes made since delivery of the preceding Banking Case.

### 22 - 2 Banking Case and Company Distribution Model Disputes

At any time when a Banking Case or a Company Distribution Model is required to be produced, such Banking Case or Company Distribution Model (as applicable) and any Assumptions relating thereto will be produced or updated (as applicable) in good faith by Sadara using Assumptions that it believes are reasonable and which represent Sadara's good faith expectations at the time of such update.

The Intercreditor Agent may, within specified periods, serve a dispute notice (a **Banking Case Dispute Notice**) in relation to a Banking Case where the Intercreditor Agent believes that:

- (a) any assumption, input or group or combination thereof (other than any assumption, input or group or combination thereof that is fixed) contained in the Banking Case or in a Company Distribution Model (an **Assumption**); or
- (b) any update proposed by Sadara to the logic or formulae incorporated in the Banking Case (a **Relevant Update**),

is unreasonable or inaccurate and has a material impact on the results of the calculations of the Forward DSCR or the LLCR (as applicable), *provided that* no such Assumption or Relevant Update may be so challenged where its reasonableness has been confirmed by, solely to the extent that such dispute (**Banking Case Dispute**) relates to: (i) a Relevant Update, the Model Auditor; or (ii) the costs of Required Insurances, the Insurance Consultant, in each case, absent manifest error.

Where the Intercreditor Agent and Sadara cannot resolve the Banking Case Dispute Notice within 20 days of receipt by Sadara of the corresponding Banking Case Dispute Notice, then Sadara or the Intercreditor Agent may by written notice require the Banking Case Dispute and any proposal put forward to Sadara to be referred to an Independent Expert for determination in accordance with the terms of the GCTA.

The Independent Expert's determination as to the relevant Assumption or Relevant Update which is the subject of a Banking Case Dispute Notice will be final and binding on all parties and shall be used by Sadara to prepare a revised Banking Case.

## 23. EXPANSION FACILITIES AND PERMITTED DEVELOPMENTS

### 23 - 1 Expansion Facilities

Sadara will, following the Project Completion Date, have the right to develop Expansion Facilities. An Expansion Facility will only be permitted if certain conditions are satisfied including:

- (a) the consent of the Majority Relevant Applicable Senior Creditors in relation to such Expansion Facility; or
- (b) the following conditions:
  - (i) notification by Sadara to the Intercreditor Agent describing, the proposed Expansion Facility and the scheduled date of completion thereof and including a funding plan identifying the source of funds to cover the Estimated Modification/Expansion Costs in respect thereof;
  - (ii) no Material Adverse Effect and no Default;
  - (iii) receipt of all material Governmental Consents and Environmental Consents in respect of the implementation of such proposed Expansion Facility; and

- (iv) delivery by Sadara, the Technical and Environmental Consultant and the Insurance Consultant to the Intercreditor Agent of certain certificates.

All revenues generated from the sale of products attributable to any Expansion Facility will constitute Operating Revenues and will be deposited in the Offshore Revenues Account upon receipt. In addition, any expenditure which comes within the definition of Operating Costs will not be subject to the regime specified for Expansion Facilities.

All authorizations and insurance policies attributable to any Expansion Facility will be considered “*Governmental Consents*” and “*Required Insurances*” and, together with the documents associated with the same, will, to the extent provided for in the Finance Documents, constitute part of the Security.

## 23 - 2 Permitted Developments

Sadara may undertake Permitted Developments to the Sadara Complex where required by Applicable Law, Governmental Consents (including Environmental Consents) or the Environmental and Social Management Plan. Additionally, to the extent not so required, Sadara may make Permitted Developments where the Modification / Expansion Cost thereof does not exceed USD 400 million (indexed) (or its equivalent in any other currency) (i) under any individual contract (or series of contracts); and (ii) in aggregate, in any calendar year, together with any other Modification / Expansion Costs previously permitted pursuant to: (i) and (ii) above.

To qualify as a Permitted Development, certain conditions apply, including the requirement that all revenues generated from the sale of the Products attributable to any such development or modifications will constitute Operating Revenues under the GCTA and will be deposited in the Offshore Revenues Account or the Onshore Revenues Account (as the case may be) upon receipt, and that the implementation of any proposed Permitted Development (including the construction, ownership or operation thereof), as the case may be, shall not reasonably be expected to have a Material Adverse Effect or delay the then estimated Project Completion Date.

Expenditure in relation to Permitted Developments which does not exceed USD 200 million (or its equivalence in any other currency) (in aggregate) in any 12 month period may be incurred as an Operating Cost.

## 24. ADDITIONAL DEBT CATEGORIES

### 24 - 1 Pre-conditions to incurring Additional Senior Debt

Pre-conditions to incurring all or any Additional Senior Debt are:

- (a) no Default is continuing or would thereby occur;
- (b) the Intercreditor Agent has received at least 30 days’ prior notice of the principal terms and conditions of the proposed Additional Senior Debt and the original Banking Case duly updated to reflect the proposed additional senior debt (and in the case of Expansion Debt and Additional CapEx Debt, a report of the Marketing Consultant addressing the relevant Updated Assumptions related to product cost and price projections, such report to accompany the updated Banking Case);
- (c) Forward DSCR and LLCR tests are satisfied (in the case of Expansion Debt, the Sponsors will continue to provide an Expansion Completion Guarantee in respect of such Expansion Debt until such ratios are satisfied);
- (d) any shareholder (or Affiliate) providing additional senior debt shall comply with the voting and intercreditor provisions in the Intercreditor Agreement applicable to shareholders;
- (e) other than in the case of Replacement Debt, no Deferred Principal is outstanding; and
- (f) the date of any scheduled repayment and the date of any scheduled payment of commission of such Additional Senior Debt is a Repayment Date.

### 24 - 2 Pre-conditions specific to incurring Expansion Debt

Following the Project Completion Date and prior to the applicable Expansion Completion Date, Sadara may incur indebtedness from an Acceptable Creditor if, in addition to satisfying the pre conditions applicable to all categories of Additional Senior Debt set out in paragraph (i) (*Pre-conditions to incurring Additional Senior Debt*) above, the following conditions are met:



- (a) in the case of any Expansion Debt with respect to an Expansion Facility, the Expansion Facility is permitted under clause 31 (*Expansion Facilities*) of the GCTA;
- (b) if the proposed Expansion Debt is to be incurred in the form of Bonds or Sukuk, the Intercreditor Agent has received a description of the pricing, repayment schedule and amount of such Bonds or Sukuk;
- (c) a Shareholder (or its Affiliate) can provide a maximum of 50% of the Expansion Debt and any Expansion Debt provided by a shareholder or its Affiliate is required to be on the same material terms and conditions as the Expansion Debt raised concurrently that is provided by third parties (i.e. a person that is not a shareholder or an Affiliate);
- (d) the amount of such Expansion Debt shall not exceed the estimated amount of the Modification Expansion Cost for such Expansion Facility or Permitted Development;
- (e) provision of an Expansion Completion Guarantee in respect of all such debt in favor of the Expansion Creditors to the exclusion of any other Senior Financing Participants;
- (f) the terms of any support for the proposed Expansion Debt after the Expansion Completion Date are not more favorable in any material respect to the provider(s) than the support provided by the Sponsors or a shareholder or their respective Affiliate(s) to the Initial Senior Creditors in respect of the Initial Senior Debt;
- (g) receipt by the Intercreditor Agent of a legal opinion from international counsel to Sadara confirming that the Expansion Creditors shall not have recourse to the Security or any claim against Sadara or any of its assets in respect of the Expansion Debt prior to the earlier of the Expansion Completion Date and the Final Discharge Date; and
- (h) delivery to the Intercreditor Agent of a certificate confirming satisfaction (or waiver, as the case may be) of all required Conditions.

With regards to the Expansion Creditors, while they constitute Senior Creditors and will (other than in the case of PIF and SIDF) become parties to the Intercreditor Agreement, their recourse prior to the Expansion Completion Date will be limited to the Expansion Completion Guarantee, the Expansion Debt Disbursement Account and any Additional Local Disbursement Account (to the extent assigned for their benefit). Expansion Creditors will not, prior to the Expansion Completion Date have recourse to the Security, nor will they be able to claim against Sadara or any of its assets in respect of the Expansion Debt (other than in limited circumstances) nor be entitled to any voting rights relating to enforcement against the Security or with respect to any waiver which has no effect regarding the Expansion Completion Date or only affects security which runs solely to the benefit of another group of Senior Creditors under the Intercreditor Agreement, save that the Expansion Creditors shall be entitled to vote in respect of any decision or waiver, the object or effect of which is, to release, amend or modify the Security.

### 24 - 3 Pre-conditions specific to incurring Replacement Debt

Unless all the Senior Debt is replaced (in which case none of the conditions in clause 33 (*Replacement Debt*) of the GCTA apply), Sadara must, in addition to the pre-conditions applicable to all categories of Additional Senior Debt set out in paragraph (i) (*Pre-conditions to incurring Additional Senior Debt*) above, satisfy the following requirements before it may incur Replacement Debt:

- (a) the Replacement Debt shall not exceed the sum of the Senior Debt prepaid or cancelled (including any associated arrangement costs and charges);
- (b) if the proposed Replacement Debt is to be incurred in the form of Bonds or Sukuk, the Intercreditor Agent has received a description of the pricing, repayment schedule and amount of such Bonds or Sukuk;
- (c) any Replacement Debt provided by a Sponsor or a shareholder (or their Affiliates) shall be on materially the same terms and conditions as:
  - (i) any Replacement Debt raised concurrently therewith that is provided by an external third party; or
  - (ii) to the extent that no such third party replacement debt is raised, the Senior Debt being repaid;
- (d) any support after the Project Completion Date to be provided by a Sponsor or a shareholder shall not be more favorable than the support provided by the Sponsors or shareholders to the

- Initial Senior Creditors at such time;
- (e) other than in the case of any Replacement Debt to be provided by SIDF or any Replacement Debt taking the form of Bonds, the average life of the proposed Replacement Debt (taken as a whole) is no less than that of the Senior Debt being cancelled, prepaid or redeemed and the final maturity date of the proposed Replacement Debt be no earlier than that of the Senior Debt being prepaid, redeemed or replaced, except if the proposed Replacement Debt is to be applied towards the redemption of the Bonds and the average life of the proposed Replacement Debt is no less than that of the Initial Facilities, the final maturity date in respect of such proposed Replacement Debt is no earlier than six months following the Last Non Bond Final Maturity Date; and
- (f) if prior to the Project Completion Date, receipt by the Intercreditor Agent of confirmation from each Completion Guarantor that each Completion Guarantee to which it is a party remains in full force and effect on the terms of the applicable Completion Guarantee.

#### 24 - 4 Pre-conditions specific to incurring Supplemental Debt

Sadara may at any time incur Supplemental Debt from an Acceptable Creditor prior to the date that is two years following the Project Completion Date in the following amounts:

- (a) an amount no greater than (a) in the period (i) prior to the Project Completion Date, a Dollar amount to be determined at the Second Signing Date; and (ii) on and from the Project Completion Date, the lesser of (A) a Dollar amount to be determined at the Second Signing Date and (B) 65% of the Project Costs as at the Project Completion Date; less in each case, (b) the Senior Debt (other than any Feedstock Supplier Debt and any Senior Debt incurred pursuant to a Hedging Agreement) which has already been funded, or is committed to be funded, pursuant to a Finance Document (other than any Hedging Agreement), but without double counting any Senior Debt which has been repaid with the proceeds of any Replacement Debt; and
- (b) an amount of up to USD1 billion (indexed) necessary to fund the acquisition of assets comprising, or the equity in, any Third Party Project in accordance with the relevant Project Document,

if, in each case, in addition to satisfying the pre conditions applicable to all categories of additional senior debt set out in paragraph (i) (*Pre-conditions to incurring Additional Senior Debt*) above, the following conditions are met:

- (c) any Supplemental Debt provided by a Sponsor or a shareholder (or their Affiliates) shall be on materially the same terms and conditions as:
  - (i) any Supplemental Debt raised concurrently therewith that is provided by external third parties; or
  - (ii) to the extent that no such third party Supplemental Debt is raised, the Dollar Commercial Facilities;
- (d) if the proposed Supplemental Debt is to be incurred in the form of Bonds or Sukuk, the Intercreditor Agent has received a description of the pricing, repayment schedule and amount of such Bonds or Sukuk;
- (e) other than in the case of any Supplemental Debt to be provided by SIDF the terms of support for the proposed Supplemental Debt provided are not materially more restrictive on Sadara than those in the initial Finance Documents;
- (f) any support to be provided by a Sponsor or a shareholder (or their respective Affiliate(s)) shall not be more favorable in any material respect to the support provided by the Sponsor or the shareholder (or their respective Affiliate(s)) to the Initial Senior Creditors at such time;
- (g) any Supplemental Debt incurred prior to the Project Completion Date shall benefit from the Completion Guarantees; and
- (h) if prior to the Project Completion Date, receipt by the Intercreditor Agent of confirmation from each Completion Guarantor that each Completion Guarantee to which it is a party remains in full force and effect on the terms of the applicable Completion Guarantee.

#### 24 - 5 Pre-conditions to incurring Buy-down Supplemental Debt

Sadara may incur Buy-down Supplemental Debt from a Permitted Creditor within two years of the relevant buy-

down and in an amount not exceeding the amount of, any prepayment made in accordance with paragraph 12 (*Debt Buy-down Option*) of schedule 2 (*Creditors' Reliability Test*) of the GCTA, if, in addition to satisfying the pre conditions applicable to all categories of Additional Senior Debt set out in paragraph (i) (*Pre-conditions to incurring Additional Senior Debt*) above, the following conditions are met:

- (a) the Technical and Environmental Consultant has certified that the Sadara Complex passed the relevant performance levels tests set out in clause 28(a)(ii) (*Project Completion Date*) of the GCTA;
- (b) other than in the case of any Buy-Down Supplemental Debt to be provided by SIDF or any Buy-Down Supplemental Debt taking the form of Bonds, the terms of support for the proposed Buy-down Supplemental Debt provided are not materially more restrictive on Sadara than those in the initial Finance Documents;
- (c) if the proposed Buy-down Supplemental Debt is to be incurred in the form of Bonds or Sukuk, the Intercreditor Agent has received a description of the pricing, repayment schedule and amount of such Bonds or Sukuk;
- (d) the principal amount of the Buy-down Supplemental Debt is no more than the amount of the Initial Senior Debt prepaid under the CRT (including any associated arrangement costs and charges); and
- (e) Buy-down Supplemental Debt provided by any Sponsor or shareholder (or their Affiliates) shall be on materially the same terms as:
  - (i) any Buy-down Supplemental Debt raised concurrently therewith that is provided by parties other than a Sponsor or a shareholder; or
  - (ii) to the extent that no such third party Buy-down Supplemental Debt is raised, the Dollar Commercial Facilities.

#### 24 - 6 Pre-conditions specific to incurring Additional CapEx Debt

Sadara (or any Sukuk Issuer (other than the Issuer) or Bond Issuer on its behalf in respect of any capital markets issuance) may after the Project Completion Date and without the consent of the Senior Creditors incur Additional CapEx Debt from an Acceptable Creditor if, in addition to satisfying the pre-conditions applicable to all categories of Additional Senior Debt set out in paragraph (i) (*Pre-conditions to incurring Additional Senior Debt*) above, the following conditions are met:

- (a) in the case of Additional CapEx Debt with respect to an Expansion Facility, the applicable Expansion Facility is permitted under clause 31 (*Expansion Facilities*) of the GCTA;
- (b) if the proposed Additional CapEx Debt is to be incurred in the form of Bonds or Sukuk, the Intercreditor Agent has received a description of the pricing, repayment schedule and amount of such Bonds or Sukuk;
- (c) any support to be provided by a Sponsor or a Shareholder (or their respective Affiliate(s)) shall not be more favorable in any material respect to the support provided by the Sponsor or the Shareholder (or their respective Affiliate(s)) to the Initial Senior Creditors at such time; and
- (d) the terms of any Additional CapEx Debt provided by any Sponsor or a Shareholder or their respective Affiliate(s) are on materially the same terms as any Third Party Additional Debt or, to the extent that no such Third Party Additional Debt is raised, the Dollar Commercial Facilities.

#### 25. CHANGES TO SADARA

Sadara may not assign any of its rights nor transfer any of its rights or obligations under the Finance Documents.

#### 26. CHANGES TO THE SENIOR FINANCING PARTICIPANTS

Subject to the conditions and provisions set out in the GCTA, an Applicable Senior Creditor may assign any of its rights under the Finance Documents, or transfer by novation any of its rights and obligations under the Finance Documents to a Relevant Creditor or to an Eligible Bank which, in the case of assignments or transfers by an Existing Senior Creditor (other than an Existing Senior Creditor under a Wakala Facility), is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or

other financial assets, or in the case of assignments or transfers by an Existing Senior Creditor under a Wakala Facility, is regularly engaged in or established for the purposes of providing financial products (together with any assignee or transferee pursuant to the paragraph below).

Subject to the conditions and provisions set out in the GCTA, an Existing Senior Creditor may assign any of its rights, or transfer by novation any of its rights and obligations, to a Sponsor or Shareholder (or an Affiliate of a Sponsor or a Shareholder) or to a Fronting Bank (irrespective of whether such rights and obligations relate to a Senior Shareholder Loan), *provided that*, to the extent of such assignment or transfer, such assignee or transferee shall be treated as a Shareholder Senior Facility Creditor for the purposes of the Intercreditor Agreement.

No assignment or transfer of the rights and / or obligations of the Sukuk Participant under the Finance Documents will occur without the consent of each of the Sukuk Participant, any Issuer Security Agent, the Certificateholders' Agent and the Intercreditor Agent.

## 27. ISLAMIC FACILITIES

Sadara agrees to make payment in full on the applicable due date for payment of each of its payment obligations set out in the Sukuk Facility Documents, each in accordance with the terms thereof. In addition, Sadara agrees that if a Total Loss Event occurs in relation to an Islamic Facility, it will on each Repayment Date for that Islamic Facility falling after the occurrence of the Total Loss Event make payment to the relevant Secured Parties under that Islamic Facility for an amount equal to the sum of the Fixed Rental Payments and Variable Rental Payments and any other amounts that would have been payable had the Total Loss Event not occurred until and unless the relevant Secured Parties receive the full amount payable to such Secured Parties pursuant to clause 10.9 (*Mandatory Prepayment – Total Loss Event of the GCTA*).

If the Finance Documents comprising the Initial Supplemental Debt are not executed by a date falling no later than six (6) months after the Closing Date, Sadara will, without the payment of any penalty or premium, redeem the Initial Sukuk Facility by making an Early Payment on the next periodic distribution date in an amount equal to the applicable Termination Distribution Amount of the Certificates and in accordance with the terms of the Certificates.

## 28. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Senior Financing Participant, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise of any other right or remedy. The rights and remedies provided in the GCTA are cumulative and not exclusive of any rights or remedies provided by law.

## 29. AMENDMENTS AND WAIVERS

The GCTA may not be amended, modified or waived other than in accordance with the terms of the Intercreditor Agreement, in writing and signed by Sadara and the Intercreditor Agent.

## 30. GOVERNING LAW

The GCTA and any non-contractual obligations arising out of or in connection with it are governed by English law.

## 31. ENFORCEMENT AND ARBITRATION

Subject to the Intercreditor Agent's option to require that any dispute be referred to and finally resolved by arbitration pursuant to the rules of the ICC, the parties agree that: (a) the courts of England have exclusive jurisdiction to settle any Dispute, and each party irrevocably submits to the jurisdiction of such courts; and (b) the parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes, *provided that* US Ex-Im reserves the right to issue proceedings in the courts of New York.

Notwithstanding the above, and except with respect to the Completion Guarantees, Sadara irrevocably agrees for the benefit of the Senior Financing Participants that: (a) proceedings in respect of any Dispute may, at the election of the relevant Senior Financing Participant(s), be brought before the SAMA Committee in respect of

any legal action or proceedings arising out of or relating to the GCTA; and (b) proceedings in respect of any Dispute arising out of or relating to any Promissory Note may, at the election of the relevant Senior Financing Participant, be brought before the Negotiable Instruments Committee.

## B. INTERCREDITOR AGREEMENT

### 1. PARTIES

The parties to the Intercreditor Agreement include, among others, Sadara, the Issuer, Saudi Aramco, Dow, DEH, the Facility Agents and the Intercreditor Agent.

### 2. RANKING OF DEBT

Subject to the below, each Party agrees that, as between the Secured Parties, the Secured Obligations will rank in right and priority of payment as follows (and, more particularly, in accordance with the Pre-Enforcement Payment Priorities or, as the case may be, the Post-Enforcement Payment Priorities and the terms of the Intercreditor Agreement):

- (a) *first*, those owed to the Administrative Agents, the Sukuk Administrative Agents, the Procurement Facility Asset Agent, any Receiver or any Delegate in respect of costs and expenses, indemnity payments and fees (and, when applicable, any amount payable under a Costs Undertaking to any agent, Sukuk Service Provider or Third Party in relation to the Sukuk Facility);
- (b) *second*, in relation to the proceeds from the enforcement of the Onshore Security Documents only, those owed to the Feedstock Supplier to discharge the Feedstock Supplier Amount;
- (c) *third*, the Senior Financing Participants (other than the Non-Secured Parties), in respect of claims constituting Senior Debt;
- (d) *fourth*, to the extent applicable, the Feedstock Supplier in respect of the Feedstock Supplier Debt then outstanding;
- (e) *fifth*, those owed to any Commodity Hedge Provider in respect of claims constituting Senior Debt; and
- (f) *sixth*, those owed to the Secured Parties (other than the Feedstock Supplier) in respect of claims constituting Subordinated Debt

As mentioned in the risk factor entitled “*Risks associated with “split-closing”*” the Finance Documents contemplate a split-closing whereby the Certificateholders will provide funding to the Issuer prior to the incurrence by Sadara of the Initial Senior Debt (other than the Sukuk Facility) on and from the Second Financial Close. As part of the on-going negotiations with the ECAs with respect to the intercreditor arrangements it is likely that certain amendments will be made to the Intercreditor Agreement. For example, there is a possibility that if the ECAs require that the Feedstock Supplier is not a Secured Party with respect to the Offshore Security Documents, amendments to the Intercreditor Agreement may be required prior to the First Financial Close and the Second Financial Close – in this case, paragraph (d) above would not be applicable.

#### 2 - 1 Pari passu Ranking

Unless otherwise contemplated by the Pre-Enforcement Payment Priorities or, as the case may be, the Post-Enforcement Payment Priorities, the claims of the Senior Financing Participants in respect of Secured Obligations will, for all purposes and at all times, rank *pari passu* amongst themselves.

#### 2 - 2 Subordinated Debt

Save for the preferment of the claims of the Feedstock Supplier in respect of the Excess Feedstock Supply Amount and certain other claims, the Intercreditor Agreement does not purport to rank the claims of the holders of the Subordinated Debt as between themselves.

### 3. THIRD PARTY BENEFICIARIES

PIF will be entitled to enjoy the benefit of, and have rights to enforce, all of the terms of the Intercreditor Agreement that benefit any group of Senior Creditors that includes PIF (as well as all terms that are expressed to benefit PIF alone) as if it were a party thereto as a Senior Creditor, subject to certain conditions.

Following the incurrence of any Additional Senior Debt by Sadara under an SIDF Facility and subject to the satisfaction of certain conditions set out in the Intercreditor Agreement, SIDF will be entitled to enjoy the benefit of, and have rights to enforce the terms of the Intercreditor Agreement that benefit any group of Senior Creditors that includes SIDF (as well as all terms that are expressed to benefit SIDF alone) (including, in particular, any such terms that relate to the making of amendments to the Intercreditor Agreement or the granting of waivers or consents under this Agreement) as though it were a party thereto as a Senior Creditor, subject to certain conditions.

Each Non-Party ECA will be entitled to enjoy the benefit of, and have the rights to enforce the provisions of clause 30 (*Amendments and Waivers*) of the Intercreditor Agreement as though it were a party thereto.

With regards to the Certificateholders' Agent, to the extent that (i) a benefit conferred on the Sukuk Participant by a provision of the Intercreditor Agreement is expressed to be one where the Sukuk Participant is acting by the relevant Certificateholders' Agent; or (ii) specifically confers a benefit on a Certificateholders' Agent, then that Certificateholders' Agent will be entitled to enjoy the benefit of, and have rights to enforce, that provision as if it were a party thereto. In addition, to the extent that a benefit conferred on the Sukuk Participant by a provision of the Intercreditor Agreement is one which requires the Sukuk Participant to give a consent, direction or instruction under a Finance Document or to agree to an amendment to a provision of a Finance Document, the benefit conferred by that provision will be treated as also having been conferred on the relevant Certificateholders' Agent, with the result that such Certificateholders' Agent shall also be required to give that consent, direction or instruction or to agree to that amendment.

### 4. OPERATION OF CERTAIN TRANSACTION DOCUMENTS

#### 4 - 1 Compliance with the Intercreditor Agreement

Each Secured Party (which includes the Sukuk Participant) agrees that it will exercise its rights and perform its obligations under each Creditor Document (and, in the case of the Feedstock Supplier, each of the Feedstock Supply Agreements) in accordance with, and in a manner not inconsistent with, the terms of the Intercreditor Agreement.

No Secured Party shall exercise or enforce any right or give any consent or waiver under or in respect of any provision of the Creditor Documents, in a manner that is not consistent with of the Intercreditor Agreement.

#### 4 - 2 Issuer Undertakings

The Issuer undertakes to the other Secured Parties to comply with the undertakings referred to in clauses 7.1(b), (f), (g), (j), (p) and (q) (*Undertakings of the Issuer and the Company; Representations and Warranties of the Issuer*) of the Declaration of Agency as if the same were set out therein and were made in favor of the Secured Parties.

#### 4 - 3 Encumbrances over Islamic Facility Assets

Sadara acknowledges the grant of Encumbrances over the Islamic Facility Assets for the benefit of the Onshore Security Agent and agrees that it will not claim that such Encumbrances are invalid or unenforceable as a result of such parties not having title to possession of or control over the relevant assets are which that are purporting to grant Encumbrances.

#### 4 - 4 Additional Security

Subject to certain conditions, any Secured Party may take, accept or receive the benefit of: (i) any Encumbrance in respect of its Secured Obligations in addition to the Security; and/or (ii) any guarantee, indemnity or other assurance against loss in respect of the Secured Obligations in addition to the Completion Guarantees and the ECA Risk Policies, on terms such that if it is so offered, all proceeds attributable to the enforcement thereof or paid thereunder (as applicable) must be applied in accordance with the Post-Enforcement Payment Priorities.



## 5. VOTING ELIGIBILITY RIGHTS AND RESTRICTIONS

### 5 - 1 Permitted Hedge Providers

Subject to the terms of the Intercreditor Agreement, in relation to a Decision to take Guarantee Enforcement Action as contemplated by paragraph 10.4 (*Guarantee Enforcement Action*) no Permitted Hedge Provider will have any right (in its capacity as a Permitted Hedge Provider) to vote in relation to any Decision required or contemplated by the terms of the Intercreditor Agreement.

### 5 - 2 Shareholder Senior Facility Creditors

No Shareholder Senior Facility Creditors will have any right (in its capacity as a Shareholder Senior Facility Creditors) to vote in relation to any Decision (other than a Unanimous Group Decision, excluding one falling within paragraph (j) of the definition thereof) required or contemplated by the terms of the Intercreditor Agreement.

### 5 - 3 Subordinated Creditors and Equity Bridge Facility Creditors

Subject to the terms of the Intercreditor Agreement, neither a Subordinated Creditor nor an Equity Bridge Facility Creditor will have any right (in its capacity as a Subordinated Creditor or Equity Bridge Facility Creditor) to vote in relation to any Decision.

### 5 - 4 The Feedstock Supplier

Other than as otherwise provided in the Intercreditor Agreement, the Feedstock Supplier will not have the right (in its capacity as Feedstock Supplier) to vote in relation to any Decision. However, the Feedstock Supplier's prior written consent will be required in relation to any Decision to approve:

- (a) any amendment to the Intercreditor Agreement which would terminate or in any way change the express rights and obligations of (or impose additional obligations on) the Feedstock Supplier; and
- (b) any amendment to the Intercreditor Agreement which adversely affects the ranking of, or which would otherwise materially discriminate against, the Feedstock Supplier in its capacity as a Secured Party.

### 5 - 5 Defaulting Senior Creditors

No Defaulting Senior Creditor will have any right to vote in relation to any Decision and accordingly each Defaulting Senior Creditor's share of the Total Relevant Senior Participations will be excluded from each numerator and each denominator in which it would otherwise have been required to be included.

## 6. DECISION-MAKING

### 6 - 1 General

Other than as otherwise provided in the Intercreditor Agreement, each Decision will be made as a Majority Decision. For the purposes of (i) making any Decision under the Intercreditor Agreement (other than an Administrative Decision or an Individual Facility Decision) or (ii) taking any Enforcement Action or any Guarantee Enforcement Action, each Senior Creditor Group that is required to participate in a Decision will have its Participation Amount voted as a unanimous block by the relevant Designated Voting Party as instructed by the Senior Creditors Group in accordance with the terms of the relevant Senior Financing Instrument other than in respect of certain specified Administrative Decisions, if the Intercreditor Agent determines that it would be materially prejudicial to the Secured Parties for it to make an Administrative Decision without taking instructions from the Senior Creditors, the Intercreditor Agent may elect to refer such Administrative Decision to the Senior Creditors.

## 6 - 2 Individual Facility Decisions

Each Individual Facility Decision relating to a particular Senior Creditor Group will be made by the Senior Creditors that comprise that Senior Creditor Group (to the exclusion of any other Senior Creditor) in accordance with the applicable Senior Financing Instrument.

## 6 - 3 Administrative Decisions

Each Administrative Decision will be made by the Intercreditor Agent in its absolute discretion. **Administrative Decisions** refer to Decisions of a routine or administrative, or immaterial nature that are specified in the Finance Documents to be made by the Intercreditor Agent, whether or not such Decision is specifically designated as an Administrative Decision. Subject to certain exceptions, if the Intercreditor Agent determines that it could reasonably be expected to be materially prejudicial to the Secured Parties for it to make an Administrative Decision without taking instructions from the Senior Creditors, the Intercreditor Agent may elect to refer such Administrative Decision to the Senior Creditors. Any Administrative Decision so referred shall be made by the Intercreditor Agent acting on the instructions (or with the approval or consent) of the Designated Voting Parties, in the case of: (a) an Administrative Decision relating to a provision of: (i) the SCTA, the Administrative Decision Majority Relevant Applicable Senior Creditors (as defined in the Intercreditor Agreement); (ii) the GCTA in circumstances where one (1) or more Additional Credit Facility Participants has not acceded to the GCTA in accordance with clause 39.10 (*Accession by Additional Credit Facility Participants*) of the GCTA, the Administrative Decision Majority Senior Creditors (but excluding from the numerator and the denominator of the calculation required, any Additional Credit Facility Participant not a party to the GCTA as at such date); (b) any Decision to be made with respect to clause 2.2(c) (*Additional Senior Debt*) of the GCTA, the Administrative Decision Majority Senior Creditors (including the affirmative vote of the relevant Sukuk Participant (acting by the Certificateholders' Agent for and on behalf of the Certificateholders as provided in the Declaration of Agency)); and (c) any other Administrative Decision to be so made, the Administrative Decision Majority Senior Creditors. Administrative Decisions include, but are not limited to: (i) routine Decisions not involving a significant exercise of discretion; and (ii) routine Decisions as to the compliance with the requirements of the Finance Documents (*but excluding* the ECA Facilities Agreements), of agreements, certificates, and other similar items required to be delivered under the terms of the Finance Documents (*but excluding* the ECA Facilities Agreements). The Intercreditor Agreement specifically excludes certain Decisions from constituting Administrative Decisions, including any Decision that involves or potentially involves the loss or potential diminution of any material rights or remedies of the Senior Creditors under the Finance Documents or the Project Documents.

## 6 - 4 Majority Decisions

Each Majority Decision will be made by the Intercreditor Agent acting on the instructions (or with the approval or consent) of the Designated Voting Parties representing, in the case of:

- (a) a Majority Decision relating to a provision of: (i) the SCTA, the Majority Relevant Applicable Senior Creditors; and (ii) the GCTA in circumstances where one (1) or more Additional Credit Facility Participants has not acceded to the GCTA, the Majority Senior Creditors (but excluding from the numerator and the denominator of the calculation required any Additional Credit Facility Participant that is not a party to the GCTA as at such date); and
- (b) any other Majority Decision, the Majority Senior Creditors.

## 6 - 5 Qualified Majority Decisions

Each Quality Majority Decision will be made by the Intercreditor Agent acting on the instructions (or with the approval or consent) of the Designated Voting Parties representing, in the case of:

- (a) a Qualified Majority Decision relating to a provision of: (i) the SCTA, the Majority Relevant Applicable Senior Creditors; and (ii) the GCTA in circumstances where one (1) or more Additional Credit Facility Participants has not acceded to the GCTA, the Majority Senior Creditors (but excluding from the numerator and the denominator of the calculation required any Additional Credit Facility Participant not a party to the GCTA as at such date), and
- (b) any other Qualified Majority Decision, the Qualified Majority Senior Creditors.

## 6 - 6 Unanimous Group Decisions

Each Unanimous Group Decision shall be made by the Intercreditor Agent acting on the instructions (or with the approval or consent) of the Designated Voting Party for each Senior Creditor Group in circumstances where such Designated Voting Party has been authorised to give those instructions (or that approval or consent) on behalf of its Senior Creditor Group by the requisite members thereof in accordance with the relevant Senior Financing Instrument *provided that*:

- (a) nothing therein will inhibit the operation of clause 33 (*Replacement Debt*) of the GCTA (or any equivalent provision in any Additional Facility Agreement); and
- (b) for the purposes of any Unanimous Group Decision falling within paragraph (j) of the definition thereof, the term “Senior Creditor Group” means only a Senior Creditor Group which benefits from the Completion Guarantee in relation to which that Unanimous Group Decision is required.

Unanimous Group Decisions include but are not limited to the following Decisions:

- (a) amending the Finance Documents which has the effect of changing:
  - (i) any scheduled (or the final) date for the payment of any principal of any Senior Debt otherwise than by a deferral in respect of a Deferrable Facility made in accordance with the Finance Documents;
  - (ii) the method of calculation of, or the rate of, commission or premia, or changing the method of calculation of, or altering the amount of, any other fee or commission or (other than with respect to any principal repayment or payment of commission or premia) any other amount payable to any Senior Creditor under any Finance Document, in each case, to the extent resulting in an increase of such amount; or
  - (iii) the currency of any payment of principal, commission, premia or any other fee or any other amount payable to any Senior Creditor under any Finance Document;
- (b) releasing any Security (except as otherwise permitted under the Finance Documents);
- (c) amending the priority of the Security granted in favor of the Senior Creditors or changing the provisions in the Finance Documents providing for the *pari passu* ranking of the Senior Debt; and
- (d) releasing any guarantor from its payment obligations under any Completion Guarantee or, subject to certain exceptions, any Expansion Completion Guarantee, except, in the case of any Expansion Completion Guarantee, to the extent that the relevant Decision relates to the waiver by the Expansion Creditors owed the applicable Expansion Debt of any conditions to the relevant Expansion Completion Date agreed by Sadara and such Expansion Creditors (other than those set out in schedule 12 (*Release of Expansion Completion Guarantee*) of the GCTA).

## 6 - 7 Enforcement Decisions

Any Decision to take Enforcement Action or Guarantee Enforcement Action shall be made in accordance with the enforcement procedures set out in the Intercreditor Agreement.

## 7. REFERRAL OF INTERCREDITOR DECISIONS

### 7 - 1 Referral of Intercreditor Decisions

If at any time an Intercreditor Decision (other than a Decision to be made following the issuance of a Remedies Initiation Notice is required and the Intercreditor Agent is required to obtain the instructions of the Secured Parties in relation thereto, the Intercreditor Agent will promptly (but in any event within three (3) Business Days of its receiving notice of the requirement for that Intercreditor Decision) notify each Designated Voting Party of the requirement for that Intercreditor Decision specifying:

- (a) whether it is an Administrative Decision (where relevant), a Majority Decision, a Qualified Majority Decision or a Unanimous Group Decision;
- (b) the level of votes required to approve that Intercreditor Decision; and
- (c) the relevant date by which each Designated Voting Party must provide the Intercreditor Agent with its instructions in relation to that Intercreditor Decision.

## 7 - 2 Failure to vote or notify a voting decision

Where a Designated Voting Party fails to provide the Intercreditor Agent with its instructions in relation to an Intercreditor Decision within the time period for that Decision, then that Designated Voting Party's Senior Creditor Group and its Senior Creditor Group Participation Amount will be excluded from the numerator and the denominator of the calculation required for the purpose of determining whether the requisite Senior Creditors have approved the matter in question and the relevant Intercreditor Decision will be taken on the basis of only the instructions of the other Designated Voting Parties.

If a Secured Party:

- (a) is not permitted or is otherwise ineligible to vote in relation to a matter in respect of which an Intercreditor Decision is required to be made; or
- (b) fails to notify its Designated Voting Party of its views in relation to a matter in respect of which an Intercreditor Decision is to be made within period that will enable its Designated Voting Party to provide instructions to the Intercreditor Agent within the response period,

then that Secured Creditor's share of the Total Relevant Senior Participations will be excluded from the numerator and the denominator of the calculation required for the purpose of determining whether the requisite Senior Creditors have approved the matter in question and the relevant Intercreditor Decision will be taken on the basis of only the instructions of the other Designated Voting Parties.

## 8. BLOCKING NOTICE DURING AN EVENT OF DEFAULT

### 8 - 1 Issue of Interim Blocking Notice

Upon the occurrence and during the continuance of:

- (a) any Fundamental Event of Default at any time prior to the Project Completion Date; and
- (b) any Event of Default at any time on or after the Project Completion Date,

the Intercreditor Agent, if it is of the opinion that not to do so could reasonably be expected to materially prejudice the Secured Parties may, and if instructed by the Majority Senior Creditors will, issue an Interim Blocking Notice to the Account Banks.

Any Interim Blocking Notice will include an instruction to the Account Banks to apply the payment priorities set out in clause 9.4 (*Withdrawals from the Offshore Revenues Account upon an Event of Default*) and/or or clause 10.4 (*Withdrawals from the Onshore Revenues Account upon an Event of Default*) (as the case may be) of the Accounts Agreement.

### 8 - 2 Issue of Unblocking Notice

If the Event of Default as a result of the occurrence of which an Interim Blocking Notice ceases to be continuing, then, so long as no other Events of Default are then continuing, the Intercreditor Agent will (pursuant to an Administrative Decision) promptly issue an Unblocking Notice to the Account Banks, whereupon that Interim Blocking Notice will be revoked.

## 9. ACTION UNDER DIRECT AGREEMENTS

Where a counterparty to any Project Document (other than Sadara) delivers an Enforcement Notice to the relevant Security Agent, then to the extent that any termination, suspension, revocation or other action described in that Enforcement Notice would constitute an Event of Default under clause 25.4 (*Termination of Major Project Documents and Governmental Consents*) of the GCTA, the Intercreditor Agent may, if it is of the reasonable opinion that not to do so would materially prejudice the Secured Parties, and will, if instructed to do so by the Qualified Majority Senior Creditors, instruct that Security Agent to take any action or exercise any remedies (including, but only if the Qualified Majority Senior Creditors, instructions so provide, the exercise of step-in rights) available to it under any corresponding Direct Agreement or Notice and Acknowledgement of Assignment with a view to avoiding the threatened termination, suspension, revocation or other action.

## 10. ENFORCEMENT

### 10 - 1 Remedies Initiation

If an Event of Default has occurred and is continuing, then the relevant Designated Voting Party (being, in the case of the Sukuk Facility, the relevant Sukuk Participant acting by the relevant Certificateholders' Agent acting on the instructions of the relevant Certificateholders, in each case, in accordance with the relevant Sukuk Declaration of Agency and Conditions) may serve a written notice on the Intercreditor Agent describing the Event of Default and each action constituting Enforcement Action (or Guarantee Enforcement Action) which it wishes the Intercreditor Agent to take (each such notice being a **Remedies Initiation Notice**).

Promptly after receiving a Remedies Initiation Notice, the Intercreditor Agent will deliver a copy of the same to each of the other Designated Voting Parties and request (each such request, an **Alternative Proposals Request**) other Designated Voting Party, within 5 Business Days of receipt of that Alternative Proposals Request to advise the Intercreditor Agent whether it wishes to propose that the Intercreditor Agent take Enforcement Action or, prior to the Termination Date, Guarantee Enforcement Action in addition, or as an alternative to any such action specified in that Remedies Initiation Notice (**Alternative Enforcement Action**).

Promptly after the end of the five (5) Business Day period for responses to each Alternative Proposals Request, the Intercreditor Agent will:

- (a) provide each Designated Voting Party with details of any Alternative Enforcement Action proposed by a Designated Voting Party in its response to that Alternative Proposals Request (and prior to the Termination Date, confirm whether the taking of Guarantee Enforcement Action was proposed in any such responses; and
- (b) request (each such request, an **Enforcement Direction Request**) each Designated Voting Party to advise the Intercreditor Agent (within the designated period), (the last day of that period, the **Enforcement Direction Response Date**)) as the Intercreditor Agent may specify in such Enforcement Direction Request, whether the Senior Creditor Group represented by such Designated Voting Party wishes to instruct the Intercreditor Agent to take (or to instruct a Security Agent to take):
  - (i) action constituting Enforcement Action specified in the relevant Remedies Initiation Notice;
  - (ii) action constituting Alternative Enforcement Action proposed in the responses to that Alternative Proposals Request;
  - (iii) other action constituting Enforcement Action; and/or
  - (iv) Guarantee Enforcement Action.

### 10 - 2 Initiation of Enforcement Action

If:

- (a) an Event of Default, described in a Remedies Initiation Notice is continuing; and
- (b) the Intercreditor Agent determines that the responses to an Enforcement Direction Request demonstrate that the principal amount of the Relevant Senior Debt counted on the basis stipulated in the definition of Initiating Percentage to the Senior Creditor Groups who have voted in favor of taking any:
  - (i) Enforcement Action proposed in that Remedies Initiation Notice;
  - (ii) Alternative Enforcement Action specified in the Alternative Proposals Request relating to that Remedies Initiation Notice; or
  - (iii) other Enforcement Action relating to that Remedies Initiation Notice,
 (expressed as a percentage of the total principal amount of the Relevant Senior Debt) is not less than the Initiating Percentage,

then the Intercreditor Agent will promptly following its determination, take (or instruct the relevant Security Agent to take) the relevant Enforcement Action.

### 10 - 3 Insolvency

Notwithstanding the foregoing, upon the occurrence of any Fundamental Event of Default under clauses 25.16 (*Insolvency of the Company*), 25.17 (*Insolvency of Dow*) and 25.18 (*Insolvency of Saudi Aramco*) of the GCTA (or any equivalent provision in any Additional Facility Agreement), all principal, commission and commitment fees and all other payment obligations constituting Senior Debt shall be immediately due and payable without any further act by any person.

### 10 - 4 Guarantee Enforcement Action

- (a) In the circumstance where there is no acceleration of Senior Debt, if prior to the Termination Date:
  - (i) Sadara fails to pay a sum owed to a Guarantee Beneficiary which results in the occurrence and continuance of a Fundamental Event of Default under clause 25.1 (*Non-Payment*) of the GCTA; and
  - (ii) that Guarantee Beneficiary's Designated Voting Party has indicated to the Intercreditor Agent in a Remedies Initiation Notice issued as a result of the occurrence of that Fundamental Event of Default (or in response to an Alternative Proposals Request or an Enforcement Direction Request) that it wishes the Intercreditor Agent to instruct the Offshore Security Trustee and Agent to take Guarantee Enforcement Action by making a demand for payment in respect of the relevant unpaid sums under the Saudi Aramco Completion Guarantee, the DEH Primary Completion Guarantee and any relevant clause under a Bond Completion Guarantee (if any) equivalent to the relevant provisions of the Saudi Aramco Completion Guarantee and the DEH Primary Completion Guarantee.

then the Intercreditor Agent will, without reference or notice to any other person, instruct the Offshore Security Trustee and Agent to take that Guarantee Enforcement Action.

- (b) In the circumstance where some or all of the Senior Debt has been accelerated, if paid to the Termination Date:
  - (i) a Fundamental Event of Default (other than a Fundamental Event of Default referred to in Paragraph 10.4(a)(i) above) has occurred and is continuing;
  - (ii) a Designated Voting Party has issued a Remedies Initiation Notice as a result of the occurrence of that Fundamental Event of Default and has requested in its Remedies Initiation Notice (or another Designated Voting Party has requested in its response to an Alternative Proposals Request or an Enforcement Direction Request) the Intercreditor Agent: (A) except where paragraph 10.3 (*Insolvency*) above applies to take Enforcement Action; and (B) except where clause 2.4(a) (*Demands*) of the DEH Primary Completion Guarantee applies to instruct the Offshore Security Trustee and Agent to take Guarantee Enforcement Action and any relevant clause under a Bond Completion Guarantee (if any) equivalent to the relevant provisions of the Saudi Aramco Completion Guarantee and the DEH Primary Completion Guarantee by making demands for payment in respect of unpaid amounts of Senior Debt under the Saudi Aramco Completion Guarantee and the DEH Primary Completion Guarantee in accordance with the terms of the Intercreditor Agreement; and
  - (iii) the Intercreditor Agent determines that the responses to a request made as contemplated in paragraph (ii) above demonstrated that the principal amount of the Senior Debt (counted on the basis stipulated in the definition of Initiating Percentage) owed to Senior Creditor Groups that are Guarantee Beneficiaries who have voted in favor of taking Guarantee Enforcement Action (expressed as a percentage of the total principal amount of the Senior Debt) is not less than the Initiating Percentage, the Intercreditor Agent will instruct the Offshore Security Trustee and Agent to take that Guarantee Enforcement Action in accordance with the terms of the Completion Guarantees.
- (c) Where the Offshore Security Trustee and Agent has made a demand under the DEH Primary Completion Guarantee in accordance with the Intercreditor Agreement, and (except where clause 2.4(a) (*Demands*) of the Dow Secondary Completion Guarantee applies) there remains an outstanding balance attributable to the demand made, such that the Offshore Security



Trustee and Agent is entitled to make a demand for payment under the Dow Secondary Completion Guarantee, then the Intercreditor Agent will instruct the Offshore Security Trustee and Agent to make a demand for payment of that outstanding balance the Dow Secondary Completion Guarantee.

## 10 - 5 Failures to respond

If the Designated Voting Party for a Senior Creditor Group fails to provide the Intercreditor Agent with its response to an Enforcement Direction Request by the Enforcement Direction Response Date therein specified, then that Senior Creditor Group (and the principal of the Senior Debt owed to its members) shall be excluded from the numerator and denominator of the calculation required for the purposes of determining whether the requisite Senior Creditors are in favor of the Intercreditor Agent taking (or instructing the relevant Security Agent to take) the relevant Enforcement Action or Guarantee Enforcement Action.

If a Senior Creditor fails to notify its Designated Voting Party of its views in relation to an Enforcement Direction Request within a period that will enable its Designated Voting Party to respond to the same by the enforcement direction date therein specified, then the principal of the Senior Debt owed to that Secured Creditor shall be excluded from the numerator and denominator of the calculation required for the purpose of the determining whether the requisite Senior Creditors are in favor of the Decision to take (or to direct the relevant Security Agent to take) the relevant Enforcement Action or Guarantee Enforcement Action.

## 10 - 6 Other Remedies

No right to take Enforcement Action or Guarantee Enforcement Action will prejudice any other rights or remedies that a Secured Party may have (whether at law, in equity or otherwise) as a consequence of the occurrence of any Fundamental Event of Default or any Event of Default, provided that all such rights or remedies shall be exercisable only while that Fundamental Event of Default or Event of Default is continuing and in accordance with and subject to the Intercreditor Agreement and paragraph 11 (*Sponsor Right to Cure*) below.

## 10 - 7 Automatic cancellation and cross-acceleration entitlement

Any cancellation of a Senior Creditor's Commitment by way of Enforcement Action will entitle (but not oblige) each other Senior Creditor immediately to cancel its Commitment without the need for any further Intercreditor Decision.

Any acceleration of all or any part of the Senior Debt owed to a Senior Creditor effected by way of Enforcement Action will entitle (but not oblige):

- (a) each other Senior Creditor immediately to cancel its Commitment and accelerate all or any part of the Senior Debt which is owed to it; and
- (b) each Permitted Hedge Provider immediately to terminate or close out each Permitted Hedging Arrangement to which it is a party,

in each case without the need for any further Intercreditor Decision.

## 10 - 8 Block Voting

For the purposes of making any Decision under the Intercreditor Agreement, each Senior Creditor Group that is required by the terms of the Intercreditor Agreement to participate in a Decision will have its Participation Amount voted as a unanimous block by the relevant Designated Voting Party as instructed by the Senior Creditors constituting such Senior Creditor Group.

# 11. SPONSOR RIGHT TO CURE

## 11 - 1 General right to cure

- (a) Subject to paragraph (b) below, if at any time all or any of the Sponsors become aware of the existence of an Event of Default that is continuing, the Sponsors will have the right (but not the obligation) to take (or procure the taking of) any action that they will remedy such Event

of Default, including the right to pay directly to the relevant Administrative Agent for the account of any Senior Financing Participant any amount which has become due and payable by an Obligor but which has not been paid in order to cure such Event of Default.

- (b) If any Sponsor (or any Affiliate of a Sponsor) makes a payment in respect of an amount payable by an Obligor to cure an Event of Default as contemplated by paragraph (a) above, then unless such payment is, or is deemed to be an advance under a Subordinated Loan Agreement, that sponsor (or Affiliate) shall be subrogated (which rights will be suspended until the Final Discharge Date) to the rights of the relevant Senior Financing Participant in respect of that amount.

## 11 - 2 Advance Notice of Enforcement

Prior to taking any Enforcement Action any Guarantee Enforcement Action and exercising any other right available at law or in equity as an equity as a result of the occurrence of an Event of Default, the Intercreditor Agent will give prior written notice to the Sponsors (an **Advance Enforcement Notice**) specifying the Enforcement Action proposed to be taken, following receipt of which, a Sponsor will be entitled to require any unpaid Senior Creditor to assign or transfer by novation, in each case, in accordance with the terms of the GCTA and the other Finance Document, the Senior Debt owed by that Obligor to that Senior Creditor to one or more Sponsors and/or their respective Affiliates in consideration for the payment by the relevant Sponsor (or its Affiliates) of all amounts outstanding to such Senior Creditors.

## 12. THE ISLAMIC FACILITIES

### 12 - 1 Islamic Financing Participants

Other than as contemplated by the Finance Documents each Islamic Facility Owner (or if applicable, its Islamic Facility Agent on its behalf) and each Islamic Financing Participant, agrees not to: (i) exercise any Restricted Lease Rights; or (ii) take possession of or otherwise take any action to sell, transfer, dispose or otherwise encumber any of its right, title or interest in or to the Islamic Facility Assets, or take any other action in respect thereof, in each case otherwise than in conjunction with an assignment of its rights or a transfer of its rights and obligations under the Islamic Finance Documents or Sukuk Facility Documents (as the case may be) following instructions from the Intercreditor Agent.

### 12 - 2 Islamic Recoveries

Each Senior Financing Participant is obliged to use its reasonable endeavours to avoid applying any amounts:

- (a) received pursuant to an Islamic Finance Document against the payment of commission under any of the other Senior Financing Instrument; and
- (b) in respect of commission received under any other Senior Financing Instrument against amounts payable under the Islamic Finance Documents.

If an application described above is unavoidable, such application will be made, and in the case of an application described in paragraph (a) above, the Intercreditor Agent will notify the Islamic Facility Agents of the amounts so applied.

### 12 - 3 Termination Events and Consequences in respect of the Sukuk Facility

If a Total Loss Event has occurred in respect of the Lease Assets and the provisions of the Service Agency Agreement apply then, notwithstanding the provisions of the Service Agency Agreement and clause 10.9(b) (*Mandatory Prepayment – Total Loss Event*) of the GCTA, solely for the purposes of determining the amount of any pro rata allocations to be made in respect of the Secured Obligations, the Intercreditor Agent and/or the Security Agents will assume that the Service Contractor will not be obliged to pay the Total Loss Shortfall Amount under the Service Agency Agreement unless certain conditions are satisfied.

Notwithstanding the foregoing, if a Total Loss Event has occurred in respect of the Lease Assets, the Intercreditor Agent and the Security Agents (as applicable) will assume that the Service Contractor will be obliged to pay the Total Loss Shortfall Amount in full under the Service Agency Agreement for the purposes of determining the amount of any claim for the exercise of enforcement rights under the Finance Documents.

Any such claim made by the Intercreditor Agent and the Security Agents (as applicable) in relation to the Total Loss Shortfall Amount, shall not of itself be determinative of whether or not the Total Loss Shortfall Amount is payable by the Service Contractor under the Service Agency Agreement.

### 13. APPLICATION OF PROCEEDS OF SECURITY

#### 13 - 1 Security Proceeds

Each Security Agent will be entitled to hold and apply any amounts received or recovered by it as a result of the enforcement of any of the Security, in accordance with the terms of the Intercreditor Agreement.

#### 13 - 2 Post-Enforcement Payment Priorities

Subject to the applicable terms of the Intercreditor Agreement, all amounts received or recovered by each Security Agent as a result of the enforcement of any of the Security or any other guarantee, indemnity or other assurance contemplated in Clause 4.8(b) (*Additional Security*) of the Intercreditor Agreement and all amounts of any currency purchased will, after discharging all liabilities required law to be paid out of those amounts in priority to the Secured Obligations, be applied by such Security Agent in the following order (the **Post-Enforcement Payment Priorities**):

- (a) in payment of all costs and expenses, and all indemnity payments, then due and payable by an Obligor to any Security Agent, Delegate or Receiver but unpaid (together with any applicable Tax attributable thereto) and all other liabilities incurred by the Security Agents, Delegates or Receivers in the enforcement of the Security or otherwise in the exercise of their rights under the Security Documents and, to the extent not covered by the foregoing, all costs and expenses, and all indemnity payments, then due and payable to the Issuer Security Agent but unpaid in connection with the Issuer Security Documents;
- (b) in funding such reserves that any Security Agent may reasonably require be established for the purpose of meeting future liabilities falling within paragraph (a) above or that may be required by Applicable Law to be paid out of amounts attributable to the enforcement of the Security in priority to the Secured Obligations;
- (c) in payment of all amounts owed to the Administrative Agents under the Finance Documents in their respective capacities as such and, to the extent not covered by the foregoing, any amount payable under a Sukuk costs undertaking to any agent. Sukuk Service provider or third party in relation to the Sukuk Facility;
- (d) in relation to the proceeds from the enforcement of the Onshore Security Documents only, to the Feedstock Supplier in respect of the Feedstock Supplier Amount, provided that the Feedstock Supplier is not in breach of any of its supply obligations under the Feedstock Supply Agreements and/or any of its payment obligations under the Product Marketing and Lifting Agreements to which it is a party (in which case, such amounts shall be reserved pending resolution of any dispute in respect of the existence of such breach);
- (e) payment of all amounts owed to the Senior Creditors (other than those who are not Secured Parties and any Commodity Hedge Provider) under the Finance Documents in respect of claims constituting Senior Debt;
- (f) to the extent applicable, in payment to the Feedstock Supplier of any Feedstock Supplier Debt then outstanding;
- (g) in payment of all amounts due and payable to any Commodity Hedge Provider that is a Secured Party;
- (h) in payment of all amounts owed to:
  - (i) the Subordinated Creditors in respect of claims constituting Subordinated Debt;
  - (ii) the Shareholders (or their Affiliates) with respect to claims arising from payments under the Shareholder Undertaking Agreement and Temporary Shareholder Loan Agreements; and
  - (iii) the Completion Guarantors in respect of claims arising from payments made under the Completion Guarantees;

- (i) in payment of all amounts owed to the Equity Bridge Finance Parties and the Acceptable Credit Support Providers in respect of claims constituting Subordinated Debt; and
- (j) following the discharge in full of the Secured Obligations, in payment to Sadara or such other person as may be entitled thereto.

As mentioned in the risk factor entitled “*Risks associated with “split-closing”*” the Finance Documents contemplate a split-closing whereby the Certificateholders will provide funding to the Issuer prior to the incurrence by Sadara of the Initial Senior Debt (other than the Sukuk Facility) on and from the Second Financial Close. As part of the on-going negotiations with the ECAs with respect to the intercreditor arrangements it is likely that certain amendments will be made to the Intercreditor Agreement. For example, there is a possibility that if the ECAs require that the Feedstock Supplier is not a Secured Party with respect to the Offshore Security Documents, amendments to the Intercreditor Agreement may be required prior to the First Financial Close and the Second Financial Close – in this case, paragraph (e) above would not be applicable.

### 13 - 3 Insufficient Amounts

If there are insufficient amounts available from the proceeds of Security to discharge all the liabilities and obligations referred to in any of paragraphs (a) to (g) above in full, then such proceeds shall be applied to discharge the liabilities and obligations referred to in that paragraph *pro-rata*.

## 14. APPLICATION OF PROCEEDS OF COMPLETION GUARANTEES

All amounts received or recovered by the Offshore Security and Trustee Agent under each Completion Guarantee will (after discharging all liabilities required by law to be paid out of those amounts in priority to the claims of the Guarantee Beneficiaries of that Completion Guarantee) be credited to an account or accounts with the Offshore Account Bank and applied in payment to the Guarantee Beneficiaries of that Completion Guarantee of all sums owed to them thereunder *pari passu*.

To the extent there are insufficient amounts attributable to the making of a demand under a Completion Guarantee available to pay all sums owed to the Guarantee Beneficiaries of that Completion Guarantee in full, those amounts will be applied towards the sums owed to those Guarantee Beneficiaries *pro-rata*.

Following payment of all amounts outstanding to the Guarantee Beneficiaries, any exercise by a Sponsor of its right to require the relevant Senior Creditors to effect an assignment or transfer to it of such proportion of the relevant Senior Debt as may have been repaid by such Sponsor, will be subject to the applicable terms of the Intercreditor Agreement.

## 15. SECURITY IN RESPECT OF EXPANSION CREDITORS

Prior to the Expansion Completion Date, the Expansion Creditors will:

- (a) have recourse only to the Expansion Guarantees, any funds standing to the credit of an Expansion Debt Disbursement Account (to the extent assigned to the Offshore Security Trustee and Agent to the benefit of the Expansion Creditors only) and any Additional Local Disbursement Account that is funded solely with proceeds from the Expansion Debt Disbursement Account (to the extent assigned to the Offshore Security Trustee and Agent to the benefit of the Expansion Creditors only); and
- (b) subject to certain exceptions, not have recourse to the Security, not claim against an Obligor or any of its assets in respect of the Expansion Debt and be entitled to any voting rights relating to enforcement against the Security which has no effect regarding the Expansion Completion Date or only affects security which runs solely to the benefit of another Senior Creditor Group.

## 16. EXPANSION CREDITORS AS SENIOR CREDITORS

On the earlier of the Expansion Completion Date and the Final Discharge Date, the Expansion Creditors will be “Senior Creditors” for the purposes of the Intercreditor Agreement and will be entitled to share in the Security with the other Senior Creditors (if any) so entitled on a *pari passu* basis.

## 17. SHARING

Where a Secured Party receives or recovers a payment or distribution in respect or on account of any Secured Obligation other than in accordance with, as the case may be, the Pre-Enforcement Payment Priorities or the Post-Enforcement Payment Priorities (with amounts payable at any particular level of priority paid *pro rata* to the amounts due but excluding, in the case of the Feedstock Supplier, any voluntary forgiveness, relief, release or cancellation of amounts owed to it under any Feedstock Supply Agreement; and the Sukuk Participant, recoveries under the Encumbrances create of pursuant to the Issuer Security Documents), (such Secured Party being a **Recovering Party**), then, the Recovering Party shall deal with such amount in accordance with the terms of the Intercreditor Agreement. This may involve the Recovering Party paying to the Intercreditor Agent an amount equal to such receipt or recovery less any amount which the Intercreditor Agent determines may be retained by the Recovering Party as its share of any payment to be made, in accordance with, *inter alia*, the Pre-Enforcement Payment Priorities or the Post-Enforcement Payment Priorities (as the case may be).

## 18. SUBORDINATION

No Party will be prevented by clause 17 (*Subordination*) of the Intercreditor Agreement (as summarised below) from receiving or recovering amounts in accordance with the Pre-Enforcement Payment Priorities or the Post-Enforcement Payment Priorities.

### 18 - 1 Subordination of Subordinated Creditors, Equity Bridge Finance Parties and Acceptable Credit Support Providers

Each Subordinated Creditor and Equity Bridge Finance Party agrees that its claims in respect of the Subordinated Debt which is owed to it will be subordinated to the claims of the Senior Financing Participants and the Feedstock Supplier in respect of the Senior Debt.

Each Acceptable Credit Support Provider agrees that its claims in connection with all Acceptable Credit Support made available by it will be subordinated to the claims of the Senior Financing Participants and the Feedstock Supplier in respect of the Senior Debt.

### 18 - 2 Restrictions

Prior to the Final Discharge Date, except in accordance with the Pre-Enforcement Payment Priorities and the Post-Enforcement Payment Priorities or otherwise in accordance with the terms of the Intercreditor Agreement and at any time when any Senior Debt owed to the Senior Creditors is outstanding and the Feedstock Supplier Debt is outstanding, each Subordinated Creditor, Equity Bridge Finance Party and Acceptable Credit Support Provider shall not:

- (a) demand or receive payment of, or any distribution in respect or on account of, as the case may be, any of the Subordinated Debt, whether in cash or kind, from Sadara or any other source, or apply any money or assets in discharge of, as the case may be, any of the Subordinated Debt;
- (b) set off any of the Subordinated Debt against any liability it may have to Sadara;
- (c) permit to subsist, or receive, any guarantee or other assurance against loss in respect of any of the Subordinated Debt; or
- (d) permit any of the Subordinated Debt to be evidenced by a negotiable instrument subject to the conditions specified in the Intercreditor Agreement.

### 18 - 3 Company Insolvency Event

Subject to the terms of the Intercreditor Agreement, where an Event of Default under clause 25.16 (*Insolvency of the Company*) of the GCTA arises:

- (a) the Subordinated Debt will be subordinate in right of payment to any outstanding Senior Debt; and
- (b) a Subordinated Creditor, an Equity Bridge Facility Creditor or an Acceptable Credit Support Provider may, if the Intercreditor Agent has consented to it so doing (but not otherwise):

- (i) claim, enforce and prove for the amount owing to it on account of the Subordinated Debt; and/or
- (ii) file claims and proofs, give receipts and take all such proceedings and do all such things as it may see fit to recover the amount owing to it on account of the Subordinated Debt.

#### 18 - 4 Turnover

At any time before the Senior Debt owed to the Senior Creditors and the Feedstock Supplier has been discharged in full, any Subordinated Creditor, any Equity Bridge Finance Party or any Acceptable Credit Support Provider (as the case may be) would be obliged to: (i) turnover any payment or distribution of any kind received or recovered by it in respect or on account of any of the Subordinated Debt (otherwise than in accordance with the Pre-Enforcement Payment Priorities or the Post-Enforcement Payment Priorities), to the Intercreditor Agent on demand for application in accordance with the terms of the Intercreditor Agreement; and (ii) pending such payment or transfer, will hold the same on trust for the Senior Creditors and the Feedstock Supplier.

#### 19. ECA RISK POLICY SUBROGATION

The Parties acknowledge and agree that:

- (a) each ECA providing an ECA Risk Policy will automatically be subrogated to the rights under the Intercreditor Agreement of the ECA Creditors that benefit from that ECA Risk Policy and each other Finance Document (including its rights with respect to voting) upon, and to the extent of, any payment made by it under or in respect of such ECA Risk Policy; and
- (b) the Senior Debt obligations in respect of which any such payment was made will, notwithstanding such payment, be treated as being outstanding to that ECA for the purposes of the Finance Documents until such time as they would have been discharged had that ECA not made that payment.

#### 20. APPOINTMENT OF INTERCREDITOR AGENT AND SECURITY AGENTS

The Intercreditor Agreement includes customary provisions relating to the appointment and removal of the Intercreditor Agent and the Security Agents, as well as, *inter alia*, their respective rights duties in such capacity.

#### 21. SPONSORS AND SHAREHOLDERS

##### 21 - 1 Subordination in respect of Project Documents

Without prejudice to the rights of the Feedstock Supplier in respect of amounts owing to it under the Feedstock Supply Agreements, the Sponsors and the Shareholders will not make any claims in respect of amounts due and owing to any of them under the Project Documents while an Enforcement Blocking Notice is outstanding without the prior written consent of the Intercreditor Agent.

##### 21 - 2 Assignments and Transfers of Shareholder Undertaking Agreement or Subordinated Loan Agreements

The Sponsors and Shareholders are restricted from assigning any of their rights or transferring any of their rights and obligations under the Shareholder Undertaking Agreement or any Subordinated Loan Agreement in accordance with the terms of the Intercreditor Agreement.

##### 21 - 3 Assignment of Subordinated Loan Agreements - Affiliates

To the extent that any Affiliate of a Sponsor or a Shareholder makes available a Shareholder Subordinated Loan to the Company pursuant to a Subordinated Loan Agreement, each Sponsor and Shareholder shall procure that its Affiliate shall, on the date on which it enters into such agreement, assign its rights, title and interests thereunder to the Onshore Security Agent, on substantially the same terms as clause 2.3 (*Assignment*) of each Share Pledge Agreement.



## 21 - 4 Shareholder Share Pledge Agreements

The Shareholders undertake that, if there is a change of law in The Kingdom that enables lending institutions (such as the Secured Parties) to take effective pledges over shares in a limited liability company incorporated in The Kingdom, they shall, provided that the cost of doing so is commercially reasonable, grant a share pledge of their respective shares in Sadara to the Onshore Security Agent.

## 21 - 5 Shareholder Saudi Taxes

Each Sponsor and each Shareholder undertakes in favor of Sadara and the Intercreditor Agent that, following any failure by Sadara to make payment of any Shareholder Saudi taxes pursuant to the terms of the Accounts Agreement, it will make or procure the making of Shareholder Subordinated Loans to Sadara in such amounts as may be required to enable Sadara to pay all Shareholder Saudi Taxes, on a several basis, as contemplated below:

- (a) Dow and any permitted transferee not resident in The Kingdom will be responsible for Shareholder Subordinated Loans to fund corporate income tax and dividend withholding tax in proportion to their respective shares of the total ownership interest in Sadara of Shareholders not resident in The Kingdom; and
- (b) Saudi Aramco and any permitted transferee resident in The Kingdom will be responsible for Shareholder Subordinated Loans to fund zakat in proportion to their respective shares of the total ownership interest in Sadara of Shareholders resident in The Kingdom,

*provided that*, following the IPO, Saudi Aramco will also be obliged to make or procure the making of Shareholder Subordinated Loans to Sadara to enable Sadara to pay all Shareholder Saudi Taxes attributable to the PublicCo Share Percentage.

## 21 - 6 No Competition

Prior to the date on which all of the Senior Debt is irrevocably discharged in full, and without prejudice to the rights of any Completion Guarantor as a Shareholder Senior Facility Creditor, any right which a Completion Guarantor may have by way of contribution, indemnity, subrogation or otherwise in relation to the Guaranteed Obligations (as defined in the Completion Guarantee to which it is a party) in competition with the Offshore Security Trustee and Agent or any Guarantee Beneficiary (as defined in the Completion Guarantee to which it is a party), will be exercised by such Completion Guarantor to the extent and in the manner that the Offshore Security Trustee and Agent may specify and such Completion Guarantor will, until the date on which all of the Senior Debt is irrevocably discharged in full, hold any monies, rights or security held or received by it as a result of the exercise of any such rights on behalf of the Offshore Security Trustee and Agent for application in accordance with any liability of such Completion Guarantor under the Completion Guarantee to which it is a party.

## 22. PERMITTED HEDGE PROVIDERS AND HEDGING DEBT

### 22 - 1 Accession of Permitted Hedge Providers

In order for a person providing hedging arrangements to benefit from any of the Security or any Completion Guarantee, and for the liabilities arising in relation to those hedging arrangements to be treated as Hedging Debt, that person is required to accede to the Intercreditor Agreement as a Permitted Hedge Provider by executing an ICA Accession Deed.

### 22 - 2 Hedging Restrictions

On or before the Final Discharge Date, except with the prior written consent of the Intercreditor Agent:

- (a) subject to certain exceptions (including specified payments made in accordance with the Pre-Enforcement Payment Priorities), Sadara may not make, and no Permitted Hedge Provider will demand or receive, any payment or distribution in respect of the Hedging Debt, nor shall any Permitted Hedge Provider exercise any right of set-off or to combine accounts or otherwise apply any money or property in or towards the discharge of any Hedging Debt; and

- (b) no Permitted Hedge Provider will exercise any right to terminate or close out in whole or in part any Permitted Hedging Arrangement prior to its stated maturity except as otherwise permitted by the Intercreditor Agreement.

## **22 - 3 Termination of Permitted Hedging Arrangements**

Upon notification by the Intercreditor Agent of a Decision to take any Enforcement Action falling within paragraphs (b) or (i) of the definition thereof, the Permitted Hedge Providers are obliged to promptly terminate or close out in full any or all of the Permitted Hedging Arrangements prior to the stated maturity thereof.

Sadara may not terminate a Permitted Hedging Arrangement at any time on or before the Final Discharge Date otherwise than in accordance with the terms of the relevant Permitted Hedging Instrument without the prior written approval of the Intercreditor Agent.

A Permitted Hedge Provider will only be entitled to terminate or close out any Permitted Hedging Arrangement in the circumstances specified in the Intercreditor Agreement, which include:

- (a) Sadara defaulting on a payment due under such Permitted Hedging Instrument and such default continues for fifteen (15) Business Days;
- (b) Sadara is dissolved or becomes insolvent; or
- (c) it becomes unlawful for that Permitted Hedge Provider or Sadara to comply with its obligations under such Permitted Hedging Instrument.

## **23. ACCESSION OF SENIOR CREDITORS, SUKUK ISSUER, SUKUK PARTICIPANT OR BOND ISSUER**

Any Senior Creditor (or an agent on its behalf) to whom any Senior Debt is owed may accede to the Intercreditor Agreement by executing an ICA Accession Deed and providing a copy of any document evidencing such Senior Debt to the Intercreditor Agent.

A Senior Creditor may only assign its rights or transfer its rights and obligations in respect of the Finance Documents to a person that is or becomes a party to the Intercreditor Agreement as a Senior Creditor by executing an ICA Accession Deed.

Upon the inurrence of any Additional Senior Debt under, and in accordance with, the relevant provisions of the GCTA, the relevant Sukuk Issuer (and Sukuk Participant) and Bond Issuer will accede to the Intercreditor Agreement by executing an ICA Accession Deed and delivering it to the Intercreditor Agent.

## **24. ASSIGNMENT**

No Party may assign all or any of its rights or transfer all or any of its rights and obligations under the Intercreditor Agreement except as expressly contemplated therein.

## **25. PAYMENT MECHANICS**

Except as otherwise provided in the Intercreditor Agreement or in any other Finance Document, all payments by Sadara under the Finance Documents will be made to the Intercreditor Agent, in the case of any payment in respect of principal or commission under any Facility Agreement or any other amount expressed to be payable to an Administrative Agent under the terms of any Facility Agreement to the relevant Administrative Agent, or in the case of a payment under any Sukuk Facility Document or any other Finance Document in connection with a Sukuk Facility, to the relevant Sukuk Participant or as it may direct in each case to such account designated by the relevant Administrative Agent. Payments by Sadara or any other Party (as applicable) will be made available on the due date at such time and in such funds as the relevant Administrative Agent (being the Facility Agent in respect of the Facility in question or, that failing, the Intercreditor Agent) may specify as being customary at the time for the settlement of transactions in the relevant country in the place of payment.

All payments to be made by Sadara under the Finance Documents to a Secured Party will be calculated and made without (and free and clear of any deduction for) set-off or counterclaim other than set-off as expressly permitted in the Islamic Finance Documents (in each case, as in effect at the date of the Intercreditor Agreement).

## 26. PARALLEL DEBT

Pursuant to the terms of the Intercreditor Agreement, Sadara irrevocably and unconditionally undertakes to pay to the Onshore Security Agent (or, in the case of a payment denominated in a currency other than Saudi Riyals, the Offshore Security Trustee and Agent) an amount equal to each amount owing from time to time by Sadara to any Secured Party under any Creditor Document as and when that amount is due. Any such amount payable pursuant to the Intercreditor Agreement (its **Parallel Debt**) will not affect the corresponding obligations of Sadara to the relevant Secured Party under the relevant Creditor Document (its **Corresponding Debt**), provided that:

- (a) the Parallel Debt of Sadara will be decreased to the extent that its Corresponding Debt has been irrevocably paid and discharged;
- (b) the Corresponding Debt of Sadara will be decreased to the extent that its Parallel Debt has been irrevocably paid and discharged; and
- (c) the amount of the Parallel Debt of Sadara will at all times be equal to the amount of its Corresponding Debt.

## 27. AMENDMENTS AND WAIVERS

Subject to certain exceptions, the consent of Sadara and the Intercreditor Agent (acting in accordance with the Intercreditor Agreement) would be required to amend or waive any provision of the Intercreditor Agreement or any other Finance Document. The exceptions include the following:

- (a) no amendment may be made to a Finance Document which would terminate or change the express rights and obligations of (or impose additional obligations on) the Feedstock Supplier, a Sponsor or a Shareholder without the prior written consent of the Feedstock Supplier, such Sponsor or such Shareholder (as the case may be);
- (b) no amendment may be made to any Finance Document that would: (i) limit the rights of a Non-Party ECA to assign or transfer its rights or obligations under any of the Finance Documents; or (ii) limit the rights of any Senior Financing Participant to assign or transfer its rights or obligations thereunder to any Non-Party ECA, without that Non-Party ECA; and
- (c) no amendment may be made to: (i) any provision of any Finance Document which relates to the timing, manner or amount of any payment under any Permitted Hedging Instrument to which a particular Permitted Hedge Provider is a party; or (ii) any provision of the Intercreditor Agreement which adversely affects the ranking of, or otherwise materially discriminates against, a particular Permitted Hedge Provider in its capacity as such, without the consent of that Permitted Hedge Provider.

## 28. GOVERNING LAW

The Intercreditor Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

## 29. ENFORCEMENT

The enforcement provisions in the GCTA will apply, *mutatis mutandis*, as if set out in full in the Intercreditor Agreement.

# C. ACCOUNTS AGREEMENT

## 1. PARTIES

Sadara, the Offshore Account Bank, the Onshore Account Bank, the Security Agents and the Intercreditor Agent.

## 2. APPOINTMENT OF ACCOUNT BANKS

Sadara appoints the Offshore Account Bank and the Onshore Account Bank to hold and operate the Offshore Project Accounts and the Onshore Project Accounts respectively.

### 3. ESTABLISHMENT OF ACCOUNTS

#### 3 - 1 Project Accounts

Sadara will not open, operate or maintain any bank, deposit, savings or other account or sub account other than the Accounts.

#### 3 - 2 Account Banks

Each Offshore Project Account (other than the US Ex-Im Disbursement Account, which will be held at the New York branch of the Offshore Account Bank and any further Offshore Payroll Account) will be held at the London Branch of the Offshore Account Bank.

Each Onshore Project Account (other than the existing Onshore Payroll Account, any further Onshore Payroll Account and any Additional Local Disbursement Account, which, in each case, shall be held in accordance with the Accounts Agreement) will be held at the Riyadh branch of the Onshore Account Bank.

### 4. SECURITY OVER ACCOUNTS

Sadara will create security over the Project Accounts (other than any Excluded Project Account) and, to the extent permitted under Applicable Law, each Mandatory Account for the benefit of the relevant Secured Parties.

Account Banks are not entitled to claim or exercise any right of set off or other right, remedy or security with respect to amounts standing to the credit of the Project Accounts.

### 5. OPERATION OF THE ACCOUNTS

#### 5 - 1 Maintenance of the Accounts

Subject to the terms of the Accounts Agreement, Sadara will maintain each Project Account with the relevant Account Bank from the date of opening of the relevant Project Account in accordance with the terms of the Accounts Agreement.

#### 5 - 2 Currency Conversion

Subject to the terms of the Accounts Agreement, Sadara instructs each Account Bank to convert into Dollars, Euro, Sterling or Saudi Riyals, (as required by the terms of the Accounts Agreement applicable to the relevant Project Account), any funds received by it in a currency other than Dollars, Euro, Sterling or Saudi Riyals, for crediting to the relevant Project Account on the day of conversion into the relevant currency at the prevailing spot rate of exchange at the branch or office making such conversion of, as the case may be, the Onshore Account Bank or the Offshore Account Bank.

#### 5 - 3 Instructions

Subject to the terms of the Accounts Agreement and the relevant Account Documents, Sadara may at any time make withdrawals or transfers from any Project Account by providing an instruction in accordance with the systems and procedures agreed with the relevant Account Bank from time to time.

### 6. OFFSHORE DISBURSEMENT ACCOUNT

#### 6 - 1 Credits to the Offshore Disbursement Account

On and prior to the Sweep Date, Sadara will pay or procure the payment of:

- (a) all contributions of Equity by the Shareholders, subject to certain exclusions prescribed in the Accounts Agreement;
- (b) the proceeds of: (i) any Applicable Senior Debt (other than the proceeds of a US Ex-Im Direct Loan under the US Ex-Im Facility which will be paid directly to the US Ex-Im Disbursement Account); any Bonds following release from an Escrow Account to the extent not required to be transferred to the Bonds Disbursement Account; or any Sukuk to be applied in accordance

with the terms of the relevant Sukuk Transaction Documents, denominated in Dollars or any other currency that is not Saudi Riyals unless such proceeds are to be made directly to certain persons in specified circumstances;

- (c) Pre-completion Insurance Proceeds denominated in Dollars or any other currency that is not Saudi Riyals;
- (d) amounts required to be credited to the Offshore Disbursement Account and the Offshore Project Account;
- (e) commission accruing on any Offshore Project Account required to be credited to the Offshore Disbursement Account;
- (f) any transfers from an Escrow Account; and
- (g) any other amounts required or permitted to be credited to the Offshore Disbursement Account in accordance with the Accounts Agreement and the other Finance Documents,

to the Offshore Disbursement Account except where such amounts are to be applied in a particular manner, including:

- (i) applied towards funding the Debt Service Reserve Account so as to satisfy the completion requirement set out in the GCTA; and
- (ii) applied towards funding the Offshore Operating Account in an amount equal to all Operating Costs estimated to be payable by Sadara outside of The Kingdom in the 30 day period immediately following the Project Completion Date.

## 6 - 2 Withdrawals from the Offshore Disbursement Account

On and from the First Financial Close until the Sweep Date, Sadara will withdraw from the Offshore Disbursement Account no less frequently than monthly the following amounts in the following order of priority:

- (a) by disbursement directly to the person or persons entitled thereto, to pay Project Costs (including transfers to such Offshore Payroll Accounts as Sadara may elect in the case of payroll costs), or to retain such funds to allow payment to be made, which are payable by Sadara prior to the Project Completion Date outside of The Kingdom in the next 30 days or, if shorter, in the period ending on the Project Completion Date;
- (b) in transfer to the Onshore Disbursement Account (or, in the case of payroll costs, to such Onshore Payroll Account as Sadara may elect) in an amount necessary to ensure that the Balance of the Onshore Disbursement Account (or, in the case of payroll costs, the Balance of the Onshore Payroll Accounts) is sufficient to pay all Project Costs estimated by Sadara to be due and payable by Sadara in The Kingdom in the next 30 days or, if shorter, in the period ending on the Project Completion Date;
- (c) to transfer to the Offshore Operating Account in an amount equal to all Operating Costs estimated to be payable by Sadara outside of The Kingdom in the 30 day period immediately following the Project Completion Date;
- (d) to transfer to: (i) the Debt Service Account such Amount as is necessary to ensure that the Balance of the Debt Service Account is equal to the Debt Service Required Balance; and (ii) the Debt Service Reserve Account such amount as is necessary to ensure that the Balance of the Debt Service Reserve Account is equal to the DSRA Required Balance so as to satisfy the completion requirement in the GCTA; and
- (e) until (but excluding) the Sweep Date, to make any payment in relation to the sharing of Pre-completion Net Revenues in accordance with the GCTA.

## 6 - 3 Sweeping of the Disbursement Accounts

Subject to the terms of the Accounts Agreement, on the Sweep Date, Sadara will transfer to the Offshore Revenues Account the Balance of the Offshore Disbursement Account (including any amounts transferred to the Offshore Disbursement Account from the Onshore Disbursement Account pursuant to the Accounts Agreement).

## 7. ONSHORE DISBURSEMENT ACCOUNT

### 7 - 1 Credits to the Onshore Disbursement Account

On and prior to the Sweep Date, Sadara will pay or procure the payment of:

- (a) any contributions of Equity that Sadara is required by any Applicable Law to pay directly to an account maintained within The Kingdom that is not a Mandatory Account;
- (b) the proceeds of any: (i) Applicable Senior Debt; (ii) any Bonds following release from an Escrow Account to the extent not required to be transferred to the Bonds Disbursement Account; or (iii) any Sukuk to be applied in accordance with the terms of the relevant Sukuk Transaction Documents, denominated in Saudi Riyals unless, in each case, such proceeds are to be paid directly to certain persons in specified circumstances;
- (c) the proceeds of any: (i) Applicable Senior Debt denominated in Saudi Riyals; and (ii) the Sukuk Facility, unless, in each case, such proceeds are to be paid directly to certain persons in specified circumstances;
- (d) Pre-completion Insurance Proceeds denominated in Saudi Riyals;
- (e) amounts required to be credited to the Onshore Disbursement Account and the Onshore Project Account;
- (f) commission accruing on any Onshore Project Account required to be credited to the Onshore Disbursement Account; and
- (g) any other amounts required or permitted to be credited to the Offshore Disbursement Account in accordance with the Accounts Agreement and the other Finance Documents,

to the Onshore Disbursement Account except where such amounts are to be applied in a particular manner, including:

- (i) applied towards funding the Debt Service Reserve Account so as to satisfy the completion requirement set out in the GCTA; and
- (ii) applied towards funding the Onshore Operating Account in an amount equal to all Operating Costs estimated to be payable by Sadara outside of The Kingdom in the 30 day period immediately following the Project Completion Date.

### 7 - 2 Withdrawals from the Onshore Disbursement Account

On and from the First Financial Close until the Sweep Date, Sadara will be entitled to withdraw from the Offshore Disbursement Account no less frequently than monthly the following amounts in the following order of priority:

- (a) by disbursement directly to the person or persons entitled thereto, to pay Project Costs (including transfers to such Onshore Payroll Accounts as Sadara may elect in the case of payroll costs) or to retain such funds to allow payment to be made, which are payable by Sadara in The Kingdom in the next 30 days or, if shorter, in the period ending on the Project Completion Date;
- (b) at Sadara's option, to transfer to the Onshore Operating Account in an amount equal to all Operating Costs estimated to be payable by Sadara inside The Kingdom in the 30 day period immediately following the Project Completion Date;
- (c) at Sadara's option, to transfer to: (i) the Debt Service Account such amount as is necessary to ensure that the Balance of the Debt Service Account is equal to the Debt Service Required Balance; and (ii) the Debt Service Reserve Account such amount as is necessary to ensure that the Balance of the Debt Service Reserve Account is equal to the DSRA Required Balance so as to satisfy the completion requirement in the GCTA;
- (d) until (but excluding) the Sweep Date, to make any payment in relation to the sharing of Pre-completion Net Revenues in accordance with the GCTA; and
- (e) on the Sweep Date to convert and transfer to the Offshore Disbursement Account for application in accordance with the terms of the Accounts Agreement.



## 8. OFFSHORE REVENUES ACCOUNT

### 8 - 1 Credits to the Offshore Revenues Account

Sadara will ensure that the following are paid into the Offshore Revenues Account directly by the payer or promptly following receipt by Sadara:

- (a) Offshore Operating Revenues;
- (b) refunds of Taxes paid by Sadara outside of The Kingdom;
- (c) commission accruing on any Offshore Project Account required to be credited to the Offshore Revenues Account in accordance with the terms of the Accounts Agreement;
- (d) the Balance (if any) of the Onshore Revenues Account from time to time required to be converted and transferred to the Offshore Revenues Account in accordance with the terms of the Accounts Agreement;
- (e) amounts in the Debt Service Reserve Account permitted to be transferred to the Offshore Revenues Account in accordance with the terms of the Accounts Agreement;
- (f) subject to certain exceptions in the Accounts Agreement, any contributions of Equity received by Sadara on or after the Sweep Date;
- (g) the proceeds of any Additional Senior Debt incurred on or after the Sweep Date denominated in Dollars or any other currency that is not Saudi Riyals except to the extent that such proceeds are required or permitted by the provisions of the Accounts Agreement to be paid into any other Account including any Advances of Expansion Debt and / or Additional CapEx Debt to the extent not deposited in an Expansion Debt Disbursement Account or a Further Disbursement Account;
- (h) all Casualty Proceeds permitted to be transferred from the Casualty and Expropriation Proceeds Account to the Offshore Revenues Account in accordance with the terms of the Accounts Agreement;
- (i) amounts standing to the credit of the Offshore Disbursement Account on the Sweep Date;
- (j) all other amounts received by Sadara in connection with the Project outside of The Kingdom denominated in a currency other than Saudi Riyals which are not permitted or required by the provisions of the Accounts Agreement to be paid into any other Account;
- (k) amounts credited to the Offshore Revenues Account in accordance with the terms of the Accounts Agreement; and
- (l) any other amounts required to be credited to the Offshore Revenues Account in accordance with the Accounts Agreement and the other Finance Documents,

but excluding, prior to the Sweep Date, any amounts required to be credited to the Offshore Disbursement Account.

### 8 - 2 Withdrawals from the Offshore Revenues Account prior to the Project Completion Date

On and from the First Financial Close until the day falling immediately before the Project Completion Date no less frequently than monthly and on the same dates as the corresponding withdrawals are made from the Onshore Revenues Account, Sadara will transfer from the Offshore Revenues Account the following amounts in the following order of priority:

- (a) in transfer to the Offshore Operating Account an amount equal to the amount of Operating Costs due and payable by Sadara outside of The Kingdom;
- (b) at Sadara's option, in transfer to the Offshore Disbursement Account an amount up to the amount of Project Costs due and payable by Sadara outside of The Kingdom in the next 30 days or, if shorter, in the period ending on the Project Completion Date and / or to make any payment in relation to the sharing of Pre-completion Net Revenues in accordance with the GCTA;
- (c) to make any payment in respect of any Senior Obligation (excluding any payment of any termination payments falling due under a Hedging Agreement); and

- (d) for any other purpose that Sadara may select which is permitted by the Finance Documents (including payment: to a Further Disbursement Account; of any amounts due and payable under any other Permitted Debt (including payment of any termination payments falling due under a Hedging Agreement) that does not constitute an Operating Cost; and of any Shareholder Saudi Taxes)

*provided that*, to the extent that any Shareholder has made a Shareholder Subordinated Loan to Sadara for the purposes of payment of Shareholder Saudi Taxes, the proceeds of such Shareholder Subordinated Loan will be applied directly to the payment of the relevant Shareholder Saudi Taxes.

Sadara will transfer (and, if required, convert) amounts standing to the credit of the Offshore Revenues Account to the Onshore Revenues Account if the Balance of the Onshore Revenues Account is insufficient to fully make a payment required to be made out of the Onshore Revenues Account on the relevant payment date, *provided that* such transfer is made at the same level of priority as the equivalent payment would rank under the relevant provision of clause 10 (*Onshore Revenues Account*) of the Accounts Agreement.

### 8 - 3 Withdrawals from the Offshore Revenues Account from the Project Completion Date

On and from the Project Completion Date until the Final Discharge Date, Sadara will withdraw from the Offshore Revenues Account, no less frequently than monthly, the following amounts in the following order of priority and on the same dates as, but before the corresponding withdrawals are made from the Onshore Revenues Account:

- (a) in transfer to the Offshore Operating Account (or Offshore Payroll Account in the case of payroll costs) an amount necessary to ensure that funds are credited to the Offshore Operating Account to meet all Operating Costs estimated to be payable by Sadara outside of The Kingdom in the following 30 days;
- (b) in transfer to the Onshore Operating Account (or Onshore Payroll Account in the case of payroll costs) an amount necessary to ensure that funds are credited to the Onshore Operating Account to meet all Operating Costs estimated to be payable by Sadara in The Kingdom in the following 30 days;
- (c) in the period commencing on the date falling 12 months prior to the commencement of a Major Maintenance Period and no more frequently than monthly, in transfer to the Maintenance Reserve Account in an amount equal to 1/12th of the Major Maintenance Amount;
- (d) to pay all amounts due and payable to the Administrative Agents or any of their respective agents under any Finance Document in their respective capacities as such and to the Sukuk Participant in accordance with the terms of the Costs Undertaking in respect of fees and expenses payable by the Sukuk Participant to a Third Party or Service Provider;
- (e) to pay any mandatory prepayment, redemption or Early Payment required pursuant to the GCTA;
- (f) up to and including the Penultimate Repayment Date (and following such date only to the extent required to make up any shortfall in the DSRA Required Balance as at that date), in transfer to the Debt Service Account an amount such that the amount of funds standing to the credit of the Debt Service Account on such date is equal to: (i) the Debt Service Required Balance on such date; or (ii) at Sadara's option, the Funding Amount or otherwise in accordance with the distribution conditions specified in the Accounts Agreement;
- (g) to the extent not discharged in full by amounts standing to the credit of the Debt Service Account, to pay any Senior Obligation then due and payable, including commission, principal, fees, indemnities, prepayment premia and other amounts payable to the Senior Financing Participants under the Finance Documents including any mandatory prepayment, redemption or Early Payment required under the GCTA;
- (h) in transfer to the Debt Service Reserve Account an amount such that the amount standing to the credit of the account is equal to the DSRA Required Balance on such date;
- (i) to pay any Relevant Mandatory Prepayment and all payments due from Sadara to the Sukuk Participant on its behalf, pursuant to the Costs Undertaking;
- (j) to pay any Shareholder Saudi Taxes;
- (k) to pay any other amounts due and payable under any other Permitted Debt (including payment

of any termination payments falling due under a Hedging Agreement) that does not constitute an Operating Cost;

- (l) to make voluntary prepayments, redemptions or Early Payments, with respect to Senior Debt as contemplated in the GCTA;
- (m) at Sadara's option, in transfer to any Further Disbursement Account in accordance with the terms of the Accounts Agreement;
- (n) to pay any reasonable fees, costs and expenses incurred by Sadara, the Sponsors, DEH or the Shareholders (or any of their Affiliates) in connection with obtaining and maintaining any Acceptable Credit Support;
- (o) in transfer to a Bonds Sinking Reserve Account; and
- (p) subject to the satisfaction of certain conditions in the Accounts Agreement, in transfer to the Distributions Account any remaining amounts,

*provided that*, to the extent that any Shareholder has made a Shareholder Subordinated Loan to Sadara for the purposes of payment of Shareholder Saudi Taxes, the proceeds of such Shareholder Subordinated Loan will be applied directly to the payment of the relevant Shareholder Saudi Taxes.

#### **8 - 4 Withdrawals from the Offshore Revenues Account upon an Event of Default**

Following the issuance of an Interim Blocking Notice (and prior to the issuance of an Unblocking Notice or an Enforcement Blocking Notice), Sadara will withdraw from the Offshore Revenues Account, no less frequently than monthly, amounts in the same order of priority as for withdrawals from the Offshore Revenues Account from the Project Completion Date, save that in an Event of Default, payments will not be made into a Bonds Sinking Reserve Account or the Distributions Account.

#### **8 - 5 Balance of Offshore Revenues Account**

Any amounts in the Offshore Revenues Account which are not applied in payment or transfer pursuant to the terms of the Accounts Agreement will be retained in the Offshore Revenues Account pending further application pursuant to the terms of the Accounts Agreement.

### **9. ONSHORE REVENUES ACCOUNT**

#### **9 - 1 Credits to the Onshore Revenues Account**

Sadara will ensure that the following are paid into the Onshore Revenues Account directly by the payer or promptly following receipt by Sadara:

- (a) Onshore Operating Revenues;
- (b) refunds of Taxes paid by Sadara inside The Kingdom;
- (c) commission accruing on any Onshore Project Account in accordance with the terms of the Accounts Agreement;
- (d) all contributions of Equity received by Sadara after the Project Completion Date that Sadara is required by any Applicable Law to pay directly to an Account maintained within The Kingdom that is not a Mandatory Account;
- (e) the proceeds of any Additional Senior Debt incurred on or after the Sweep Date denominated in Saudi Riyals, except to the extent that such proceeds are required or permitted by the provisions of the Accounts Agreement to be paid into any other Account;
- (f) amounts required to be credited to the Onshore Revenues Account in accordance with the terms of the Accounts Agreement;
- (g) amounts required to be credited to the Onshore Revenues Account in accordance with the terms of a Sukuk Payments Administration Agreement;
- (h) all other amounts received by Sadara in connection with the Project inside The Kingdom denominated in Saudi Riyals which are not permitted or required by the provisions of the Accounts Agreement to be paid into any other Account; and
- (i) any other amounts to be credited to the Offshore Revenues Account in accordance with the Accounts Agreement and the other Finance Documents,

but excluding, prior to the Sweep Date, any amounts required to be credited to the Onshore Disbursement Account.

### **9 - 2 Withdrawals from the Onshore Revenues Account prior to the Project Completion Date**

On and from the First Financial Close until the day falling immediately before the Project Completion Date, no less frequently than monthly and on the same dates as the corresponding withdrawals are made from the Offshore Revenues Account, Sadara will withdraw from the Onshore Revenues Account the following amounts in the following order of priority:

- (a) in a transfer to the Onshore Operating Account, an amount equal to the amount of Operating Costs due and payable by Sadara inside The Kingdom;
- (b) at Sadara's option, in a transfer to the Onshore Disbursement Account, an amount equal to the amount of Project Costs due and payable by Sadara inside The Kingdom in the next 30 days or, if shorter, in the period ending on the Project Completion Date and / or to make any payment in relation to the sharing of Pre-completion Net Revenues in accordance with the GCTA;
- (c) to make any payment in respect of any Senior Obligation; and
- (d) for any other purpose that Sadara may select which is permitted by the Finance Documents (including payment: (i) to a Further Disbursement Account; (ii) of any amounts due and payable under any other Permitted Debt (including payment of any termination payments falling due under a Hedging Agreement) that does not constitute an Operating Cost; and (iii) of any Shareholder Saudi Taxes),

*provided that*, to the extent that any Shareholder has made a Shareholder Subordinated Loan to Sadara for the purposes of payment of Shareholder Saudi Taxes, the proceeds of such Shareholder Subordinated Loan will be applied directly to the payment of the relevant Shareholder Saudi Taxes.

Sadara will transfer (and, if required, convert) amounts standing to the credit of the Onshore Revenues Account to the Offshore Revenues Account if the Balance of the Offshore Revenues Account is insufficient to fully make a payment required to be made out of the Offshore Revenues Account on the relevant payment date, *provided that* such transfer is made at the same level of priority as the equivalent payment would rank were it under the relevant provision of clause 9 (Offshore Revenues Account) of the Accounts Agreement.

### **9 - 3 Withdrawals from the Onshore Revenues Account from the Project Completion Date**

On and from the Project Completion Date until the Final Discharge Date, Sadara will withdraw from the Onshore Revenues Account amounts in the same order of priority and on the same dates as the corresponding withdrawals are made from the Offshore Revenues Account, save that the withdrawals from the Onshore Revenues Account will be made after the corresponding withdrawals from the Offshore Revenues Account have been made.

### **9 - 4 Withdrawals from the Onshore Revenues Account upon an Event of Default**

Following the issuance of an Interim Blocking Notice (and prior to the issuance of an Unblocking Notice), Sadara will only be entitled to withdraw from the Onshore Revenues Account, no less frequently than monthly, amounts in the same order of priority as for withdrawals from the Onshore Revenues Account from the Project Completion Date, save that in an Event of Default, payments will not be made into a Bonds Sinking Reserve Account or the Distribution Account.

### **9 - 5 Balance of Onshore Revenues Account**

Sadara will be permitted to retain in the Onshore Revenues Account an amount not exceeding all Operating Costs estimated to be payable by Sadara in The Kingdom in the following 60 days. Any Balance of the Offshore Revenues Account will be converted and transferred to the Offshore Revenues Account.

## 10. OPERATING ACCOUNTS

### 10 - 1 Credits to the Operating Accounts

Sadara will credit amounts to the relevant Operating Account: (i) at Sadara's option, Hard Equity; (ii) from the proceeds of Senior Debt to ensure that the Balance of the Offshore Operating Account is in an amount equal to all Operating Costs estimated to be payable by Sadara outside of The Kingdom in the 30 day period immediately following the Project Completion Date; (iii) from the relevant provisions of the Accounts Agreement; and (iv) as required or permitted to be credited to the relevant Operating Account in accordance with any other term of the Accounts Agreement and the other Finance Documents.

### 10 - 2 Withdrawals from the Operating Accounts

Sadara will be entitled to withdraw amounts from the relevant Operating Account but only to pay Operating Costs falling due and payable by Sadara inside or outside, as applicable, of The Kingdom from time to time.

## 11. PAYROLL ACCOUNTS

### 11 - 1 Credits to the Payroll Accounts

Sadara will credit amounts to the relevant Payroll Account in accordance with the relevant provisions of the Accounts Agreement and as required or permitted to be credited to the relevant Payroll account in accordance with any other term of the Accounts Agreement and the other Finance Documents.

### 11 - 2 Withdrawals from a Payroll Account

Sadara will be entitled to withdraw amounts from a Payroll Account but only to pay Operating Costs constituting payroll costs payable to its employees falling due and payable by Sadara inside or outside, as applicable, of The Kingdom from time to time.

## 12. DEBT SERVICE ACCOUNT

### 12 - 1 Credits to the Debt Service Account

Sadara will credit amounts to the Debt Service Account:

- (a) with Hard Equity contributed to enable Sadara to make payments in respect of its Senior Obligations;
- (b) at Sadara's option, with amounts transferred from the Distributions Account;
- (c) in accordance with the provisions of the Accounts Agreement;
- (d) received by Sadara under any Permitted Finance Hedging Agreement; and
- (e) as required or permitted to be credited to the Debt Service Account in accordance with any other term of the Accounts Agreement and the other Finance Documents.
- (f) The proceeds of any Senior Debt (other than a "book entry" utilization), made on, or prior, to the final date of the availability period in relation to such Senior Debt for the purpose of:
- (g) paying all commission and fees under the Senior Debt then due, or expected to accrue prior to the Project Completion Date; or
- (h) funding the Debt Service Required Balance,

may, in each case, be deposited into the Debt Service Account.

### 12 - 2 Withdrawals from the Debt Service Reserve Account

Subject to the terms of the Accounts Agreement, Sadara will withdraw amounts from the Debt Service Account in sufficient time solely to make payments in respect of Senior Obligations to the Senior Financing Participants as and when such Senior Obligations fall due and payable, but not otherwise.

### 13. DEBT SERVICE RESERVE ACCOUNT

#### 13 - 1 Credits to the Debt Service Reserve Account

Sadara will credit amounts to the Debt Service Reserve Account:

- (a) with Hard Equity contributed to enable Sadara to make payments in respect of its Senior Obligations;
- (b) at Sadara's option, with amounts transferred from the Distributions Account;
- (c) in accordance with the relevant provisions of the Accounts Agreement;
- (d) by providing Acceptable Credit Support in respect of cash amounts standing to the credit of the Debt Service Reserve Account in accordance with the terms of the Accounts Agreement; and
- (e) as required or permitted to be credited to the Debt Service Reserve Account in accordance with any other terms of the Accounts Agreement and the other Finance Documents.

The proceeds of any Senior Debt utilized prior to the Project Completion Date for the purposes of funding the Debt Service Required Balance will be deposited into the Debt Service Reserve Account.

#### 13 - 2 Withdrawals from the Debt Service Reserve Account

Subject to the terms of the Accounts Agreement and taking into account any principal which is Deferred Principal, to the extent that the amounts standing to the credit of the Debt Service Account are insufficient to meet payments in respect of Senior Debt as and when they fall due, Sadara will make payment of any shortfall (or so much of the shortfall as is in the Debt Service Reserve Account at such time) from the Debt Service Reserve Account to the relevant Senior Financing Participants.

#### 13 - 3 Withdrawals on account of Acceptable Credit Support

Sadara will be entitled, without any requirement to satisfy the distribution conditions, to withdraw amounts from the Debt Service Reserve Account on provision of Acceptable Credit Support in respect of cash amounts standing to the credit of the Debt Service Account in transfer directly to the Distributions Account, the Sponsors, the Shareholders, DEH and / or any of their Affiliates in accordance with the terms of the Accounts Agreement.

#### 13 - 4 Excess Funding in the Debt Service Reserve Account

Sadara will not be required to credit to the Debt Service Reserve Account an amount which, when added to the amount then standing to the credit of the Debt Service Reserve Account, exceeds the amount due and payable under the Senior Financing Instruments through to the Final Maturity Date. To the extent that the aggregate balance of the Debt Service Reserve Account and the Debt Service Account exceed such amount, Sadara will be entitled to withdraw such excess amount and pay that amount to the Offshore Revenues Account, the Offshore Operating Account, the Onshore Operating Account, the Debt Service Account and / or the Maintenance Reserve Account to fund such accounts to their then required levels (if applicable), or to a Further Disbursement Account, at the discretion of Sadara.

### 14. MAINTENANCE RESERVE ACCOUNT

#### 14 - 1 Credits to the Maintenance Reserve Account

Sadara will credit amounts to the Maintenance Reserve Account:

- (a) with Hard Equity contributed to enable Sadara to ensure that an amount equal to the applicable Major Maintenance Amount is credited to the Maintenance Reserve Account;
- (b) at Sadara's option, with amounts transferred from the Distributions Account;
- (c) in accordance with the relevant provisions of the Accounts Agreement;
- (d) by providing Acceptable Credit Support in respect of cash amounts standing to the credit of the Maintenance Reserve Account in accordance with the Accounts Agreement; and
- (e) as required or permitted to be credited to the Maintenance Reserve Account in accordance with any other term of the Accounts Agreement and the other Finance Documents.



## 14 - 2 Withdrawals from the Maintenance Reserve Account

Subject to the terms of the Accounts Agreement, to the extent that the amounts standing to the credit of the Offshore Operating Account and the Onshore Operating Account are insufficient to meet payments in respect of the sustaining capital portion of the maintenance expenditure to be incurred in respect of a Major Maintenance Event as and when they fall due, Sadara will make payment of any shortfall (or so much of the shortfall as is in the Maintenance Reserve Account at such time) from the Maintenance Reserve Account.

Immediately following the completion of the major turnaround that relates to the applicable Major Maintenance Event, Sadara may transfer all or any part of the amounts standing to the credit of the Maintenance Reserve Account to the Offshore Revenues Account.

## 14 - 3 Withdrawals on account of Acceptable Credit Support

Sadara will be entitled to withdraw, without any requirement to satisfy the distribution conditions, amounts from the Maintenance Reserve Account on provision of Acceptable Credit Support in substitution for such cash amounts by transfer directly to the Distributions Account, the Sponsors, the Shareholders, DEH and / or any of their Affiliates in accordance with the terms of the Accounts Agreement.

# 15. CASUALTY AND EXPROPRIATION PROCEEDS ACCOUNT

## 15 - 1 Credit to the Casualty and Expropriation Proceeds Account

Sadara will procure that all Casualty Proceeds and Expropriation Proceeds are promptly credited to the Casualty and Expropriation Proceeds Account in accordance with the terms of the GCTA and as required or permitted to be credited to the Casualty and Expropriation Proceeds Account in accordance with any other term of the Accounts Agreement and the other Finance Documents.

## 15 - 2 Withdrawals from the Casualty and Expropriation Proceeds Account

Sadara will only be entitled to withdraw from the Casualty and Expropriation Proceeds Account:

- (a) to: (i) apply such amounts towards Expropriation Modifications; (ii) transfer such amounts to the Offshore Operating Account; or (iii) effect a mandatory prepayment, redemption or Early Payment (as the case may be) of the Senior Debt, in each case as contemplated by the terms of the GCTA;
- (b) to: (i) apply such amounts towards repair or reinstatement of the Islamic Facility Assets; (ii) pay such amounts to the Sponsors, DEH, the Shareholders or any of their Affiliates; or (iii) transfer such amounts to the Offshore Revenues Account, in each case in accordance with the terms of the GCTA;
- (c) to: (i) apply such amounts towards repair or reinstatement of the Sadara Complex; (ii) pay such amounts to the Sponsors, DEH, the Shareholders or their Affiliates; or (iii) transfer such amounts to the Offshore Revenues Account, in each case in accordance with the terms of the GCTA; and
- (d) to: (i) apply such amounts towards rebuilding or repairing the Sadara Complex; or (ii) effect a mandatory prepayment, redemption or Early Payment (as the case may be) of the Senior Debt, in each case in accordance with the terms of the GCTA.

# 16. BONDS SINKING RESERVE ACCOUNTS

## 16 - 1 Credits to Bonds Sinking Reserve Accounts

Sadara will credit amounts to Bonds Sinking Reserve Accounts in accordance with, and subject to, the terms of the Accounts Agreement, at its discretion.

## 16 - 2 Withdrawals from Bonds Sinking Reserve Accounts

Sadara may withdraw amounts standing to the credit of a Bonds Sinking Reserve Account in accordance with the terms of the Bond Finance Documents.

## **17. US EX-IM DISBURSEMENT ACCOUNT**

### **17 - 1 Credits to the US Ex-Im Disbursement Account**

Sadara will procure that the proceeds of any US Ex-Im Direct Loan are directly deposited into the US Ex-Im Disbursement Account.

### **17 - 2 Withdrawals from the US Ex-Im Disbursement Account**

Immediately upon deposit of the proceeds of any US Ex-Im Direct Loan into the US Ex-Im Disbursement Account in accordance with the terms of the Accounts Agreement, Sadara will procure that any amounts standing to the credit of the US Ex-Im Disbursement Account are transferred directly to the Offshore Disbursement Account.

## **18. EXCESS EQUITY HOLDING ACCOUNT**

### **18 - 1 Credits to the Excess Equity Holding Account**

In relation to the provisions regarding the sharing of Pre-completion Net Revenues in the GCTA, Sadara will transfer amounts from the Offshore Revenues Account and the Onshore Revenues Account to the Excess Equity Holding Account in accordance with the terms of the Accounts Agreement.

### **18 - 2 Withdrawals from the Excess Equity Holding Account**

To the extent required pursuant to the terms of the GCTA, Sadara will withdraw from the Excess Equity Holding Account on the applicable Commission Payment Date, an amount equal to the Sharing Amount to effect the mandatory prepayment and Early Payment as set out in the GCTA. Following any such withdrawal, any commission accrued on the Sharing Amount from the Applicable Transfer Date to the date on which the mandatory prepayment or Early Payment is made by Sadara in accordance with the terms of the GCTA will be transferred to the Offshore Revenues Account.

## **19. DISTRIBUTIONS ACCOUNT**

### **19 - 1 Credits to the Distributions Account**

Subject to the satisfaction of certain conditions in the Accounts Agreement, Sadara may only credit the following to the Distributions Account with:

- (a) Amounts transferred in accordance with the terms of the Accounts Agreement;
- (b) the proceeds of any Buy-down Supplemental Debt;
- (c) any amounts of the proceeds of Senior Debt which are being used in prepayment of Temporary Shareholder Loans in accordance with the terms of the GCTA; and
- (d) any other amounts as required or permitted to be credited to the Distributions Account in accordance with any other term of the Accounts Agreement and the other Finance Documents.

Sadara may retain in the Distributions Account any commission earned on the Balance of the Distributions Account in accordance with the terms of the Accounts Agreement.

### **19 - 2 Withdrawals from the Distributions Account**

Sadara may, at any time, withdraw amounts standing to the credit of the Distributions Account for any purpose as Sadara may elect including, at its option, transferring such amounts to any other Account.

### **19 - 3 Distribution Conditions**

Sadara will only be entitled to transfer amounts from a Revenues Account to the Distributions Account upon delivery by Sadara to the Intercreditor Agent of a certificate confirming that each of the following conditions has been satisfied:

- (a) the Project Completion Date has occurred;
- (b) no Default has occurred and is continuing;
- (c) subject to paragraph (e) below, on a date of the proposed withdrawal (such date being a **Proposed Distribution Date**), each Project Account (other than the Distributions Account) is funded to the levels required at such time;
- (d) Sadara has provided a Company Distribution Model showing:
  - (i) the Forward DSCR for each of the two succeeding six month periods is projected to be not less than 1.30:1;
  - (ii) the Backward DSCR for the 12 month period ending on the last day of the immediately preceding month prior to the Proposed Distribution Date is not less than 1.30:1 (the **Distribution Ratio Test**); and
  - (iii) and that there is no dispute pursuant to the terms of the GCTA as to the Backward DSCR or the Forward DSCR being below 1.30:1 (a Relevant Dispute), provided that, to the extent that Sadara was unable to transfer funds from a Revenues Account to the Distributions Account solely due to a Relevant Dispute (being a **Blocked Right**), and if following resolution of the Relevant Dispute an Independent Expert determines that the Distribution Ratio Test has been satisfied, then, provided that: (A) no Event of Default has occurred and is continuing; and (B) no Potential Event of Default referred to in clause 25.1 (*Non-payment*) of the GCTA has occurred and is continuing, Sadara will be permitted to exercise the Blocked Right after the date of such determination by the Independent Expert without regard to any increase in the Funding Amount required pursuant to paragraph (e) below.
- (e) if the Proposed Distribution Date is not a Repayment Date, the Debt Service Account is funded as at the Proposed Distribution Date to certain specified minimum levels, *provided that* Sadara will be entitled to distribute on or within:
  - (i) 30 days after the Repayment Date an amount equal to the Balance of the Distributions Account available for distribution on that Repayment Date; and
  - (ii) seven Business Days of Sadara satisfying the conditions set out in this Clause an amount equal to the balance of the Distributions Account that was available on the date on which the conditions were satisfied.
- (f) no Deferred Principle is outstanding (other than where an amount equal to any Deferred Principal has been fully reserved in the Debt Service Account (in addition to the relevant portion of the Funding Amount)); and
- (g) if a sabotage or breach of public security event has occurred that is not insured by Sadara, reinstatement of the affected part of the Sadara Complex or reservation of the lesser of (i) the estimated cost of reinstatement and (ii) the proceeds that would have been received if such insurance had been obtained.

## 20. MANDATORY ACCOUNTS

### 20 - 1 Credits to the Mandatory Accounts

Sadara will credit amounts to a Mandatory Account in accordance with the terms of the Accounts Agreement or as otherwise required by any Applicable Law.

### 20 - 2 Withdrawals from the Mandatory Accounts

Sadara will withdraw amounts from a Mandatory Account in accordance with any Applicable Law.

## 21. OTHER ACCOUNTS

Sadara may, by notice to the Offshore Account Bank, open, maintain and operate in London or New York one or more Expansion Debt Disbursement Accounts denominated in Dollars or any other Freely Convertible Currency solely as provided for pursuant to the terms of any Expansion Debt with respect to the financing or refinancing, as the case may be, of a Permitted Development or an Expansion Facility that is funded by Expansion Debt, but not otherwise. An Expansion Debt Disbursement Account may be held as security by

the Expansion Creditors only for so long as such Expansion Creditors benefit from an Expansion Completion Guarantee.

Sadara may, by notice to the Offshore Account Bank, open, maintain and operate in London or New York one or more Further Disbursement Accounts denominated in Dollars or any other Freely Convertible Currency for the sole purpose of financing or refinancing, as the case may be, of a Permitted Development or an Expansion Facility that is not funded by Expansion Debt for the purposes of transferring amounts thereto from a Revenues Account as contemplated by the Accounts Agreement and as required or permitted to be credited to a Further Disbursement Account in accordance with the terms of the Accounts Agreement and the other Finance Documents.

### 21 - 1 Credits to the Additional Disbursement Accounts

In respect of each Expansion Facility and Permitted Development, Sadara will pay or procure the payment directly to the relevant Additional Disbursement Account of:

- (a) subscriptions to the share capital of Sadara by, and / or Shareholder Subordinated Loans from, Expansion Shareholders;
- (b) those amounts referred to in clause 24.2 (*Further Disbursement Accounts*) of the Accounts Agreement;
- (c) funds available to transfer to any Additional Disbursement Account from the Distributions Account or the Debt Service Reserve Account in accordance with the terms of the Accounts Agreement and the other Finance Documents;
- (d) funds otherwise made available from the Shareholders or Expansion Shareholders in connection with any Permitted Development or any Expansion Facility;
- (e) in the case of: (i) any Expansion Debt Disbursement Account only, utilizations of any Expansion Debt; and (ii) a Further Disbursement Account only, utilisations of any Additional CapEx Debt, in each case to the extent that Sadara has opened such accounts in accordance with the terms of the Accounts Agreement; and
- (f) any transfers from an Escrow Account as contemplated by clause 24.7 (*Escrow Accounts*) of the Accounts Agreement.

### 21 - 2 Withdrawals from the Additional Disbursement Accounts

Sadara may only withdraw amounts from the Additional Disbursement Accounts for the purposes of paying, when due, (a) any Modification / Expansion Costs, (b) transferring amounts to an Additional Local Disbursement Account in accordance with the terms of the Accounts Agreement; or (c) in accordance with the terms of any Expansion Debt or any Additional CapEx Debt in relation to which the relevant account was established.

If a Permitted Development or an Expansion Facility is funded with Expansion Debt, funds in an Expansion Debt Disbursement Account and the corresponding Additional Local Disbursement Account (if any) on the Expansion Completion Date, will be deposited by Sadara in the Offshore Revenues Account and, following such deposit, the Additional Disbursement Account and the corresponding Additional Local Disbursement Account (if any), will be closed.

If a Permitted Development or an Expansion Facility is not funded with Expansion Debt, funds held in a Further Disbursement Account and the corresponding Additional Local Disbursement Account (if any) on the date of physical completion and acceptance thereof under the relevant construction contract with the applicable Construction Contract, will be deposited by Sadara in the Offshore Revenues Account and, following such deposit, the Additional Disbursement Account and the corresponding Additional Local Disbursement Account (if any), will be closed.

### 21 - 3 Additional Local Disbursement Accounts

Sadara may open, maintain and operate in The Kingdom, denominated in Dollars or Saudi Riyals, Additional Local Disbursement Accounts corresponding to any Expansion Debt Disbursement Account or Further Disbursement Account established pursuant to the terms of the Accounts Agreement.

Any Additional Local Disbursement Account may only be funded by Sadara with amounts from the

corresponding Additional Disbursement Account. The amounts in any Additional Local Disbursement Account may not exceed an amount estimated by Sadara necessary to pay Modification / Expansion Costs payable in The Kingdom in the next 30 days.

Funds in the Additional Local Disbursement Account may only be withdrawn for the purposes of funding Modification / Expansion Costs payable in The Kingdom, or to transfer to either the corresponding Additional Disbursement Account, at any time, or the Offshore Revenues Account, at such time as the corresponding Additional Disbursements Account closed, as described above.

## 22. ESCROW ACCOUNTS

Sadara will be entitled to open, maintain and operate escrow accounts solely for the purposes of receiving the proceeds of any capital markets issuance (including any Bonds but excluding any Sukuk) permitted by the terms of the Finance Documents, in accordance with the terms of such issuance (each an **Escrow Account**).

Prior to the release of proceeds from an Escrow Account, any providers of such Financial Indebtedness will have recourse only to the proceeds of the applicable Escrow Account in respect of amounts therein, and will have no other recourse to Sadara in respect of any such amounts. Any proceeds released from an Escrow Account will be transferred to the Offshore Disbursement Account, the Offshore Revenues Account, an Expansion Debt Disbursement Account, or a Further Disbursement Account, or, in respect of any Replacement Debt, to prepay the relevant Senior Financing Participant (subject to the terms of, and to the extent permitted by, such Financial Indebtedness).

No Senior Financing Participant (other than with respect to the providers of the indebtedness with respect to such capital markets issuance) will have any rights (by way of Encumbrance or otherwise) to any amount standing to the credit of any such Escrow Account.

## 23. BONDS DISBURSEMENT ACCOUNTS

Sadara may, by notice to the Offshore Account Bank, open, maintain and operate in London or New York one or more Bonds Disbursement Accounts denominated in Dollars or any other Freely Convertible Currency solely as provided for pursuant to the terms of any Bond Indenture with respect to the financing or refinancing, as the case may be, of a Permitted Development or an Expansion Facility that is funded by the proceeds of any Bonds.

A Bonds Disbursement Account may be held as security by the Bond Trustee (on behalf of the Bondholders) only for so long as such Bond Trustee benefits from a Bond Completion Guarantee.

## 24. ISSUER ACCOUNTS

Sadara will not make, or procure or permit to be made, any payment, whether from a Project Account or otherwise, to any Issuer Account, nor withdraw, or procure or permit to be withdrawn, any sum from any Issuer Account, other than in accordance with the terms of the Finance Documents and the relevant Sukuk Issuer Document, pursuant to which the same are maintained.

## 25. EVENT OF DEFAULT

### 25 - 1 Occurrence of an Event of Default

Subject to the terms of the Accounts Agreement, upon the occurrence of an Event of Default and the service of a Blocking Notice, all amounts on deposit in the Project Accounts will be applied by the Account Bank (acting on the Intercreditor Agent's instructions and pursuant to the terms of the Intercreditor Agreement):

- (a) towards payment of any amounts outstanding in respect of any Senior Debt;
- (b) towards the payment of any other amount as contemplated by the Accounts Agreement or as otherwise decided pursuant to the Intercreditor Agreement; and
- (c) in making withdrawals from the Project Accounts and payments between the Project Accounts and, the drawdown of any Acceptable Credit Support or liquidating any Permitted Investments (including exercising any of the powers of Sadara in respect of such Permitted

Investments). Any amounts received by the Offshore Security Trustee and Agent following a drawdown of any Acceptable Credit Support shall be paid into the Debt Service Reserve Account or the Maintenance Reserve Account (as the case may be) as soon as reasonably practicable following receipt of such amounts by the Offshore Security Trustee and Agent.

## **25 - 2 No Withdrawal of Funds during an Event of Default**

Subject to the terms of the Accounts Agreement, following the occurrence of an Event of Default and the service of an Enforcement Blocking Notice, Sadara will not, without the prior written consent of the Intercreditor Agent, be entitled to withdraw any such funds on any of the Project Accounts or deal in any manner whatsoever with such funds or require an Account Bank to deal with, or itself deal with, any Acceptable Credit Support or Permitted Investments.

## **25 - 3 Permitted Withdrawals during an Event of Default**

Unless an Enforcement Blocking Notice has been served, the transfer of funds from the Revenues Accounts in accordance with the terms of the Accounts Agreement will not be prevented.

## **25 - 4 Blocking and Unblocking Notices**

The Intercreditor Agent will deliver any Blocking Notice or any Unblocking Notice to each Account Bank, each Security Agent and to Sadara, and each Account Bank shall comply with the terms thereof on receipt thereof.

## **26. PERMITTED INVESTMENTS**

Sadara may make, and will hold and dispose of, Permitted Investments subject to and in accordance with the terms of the Accounts Agreement.

As a condition to making a Permitted Investment, Sadara must ensure that such Permitted Investment is the subject of an Encumbrance in favor of the relevant Security Agent.

## **27. CHANGES TO THE PARTIES**

Neither Sadara nor the Account Banks may assign, transfer, novate or otherwise dispose of all or any of their respective rights, benefits or obligations under the Accounts Agreement without the prior written consent of the Intercreditor Agent (other than for the creation or enforcement of the security pursuant to the Finance Documents).

## **28. GOVERNING LAW**

The Accounts Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

## **29. ENFORCEMENT**

The enforcement provisions in the Intercreditor Agreement will apply, *mutatis mutandis*, as if set out in full in the Accounts Agreement.

## **D. COMPLETION GUARANTEES**

### **DEH PRIMARY COMPLETION GUARANTEE**

#### **1. PARTIES**

DEH and the Offshore Security Trustee and Agent.

#### **2. BENEFICIARIES**

The Agent Guarantee Beneficiaries and the Creditor Guarantee Beneficiaries.



### 3. GUARANTEE

Subject to certain provisions of the DEH Primary Completion Guarantee, DEH irrevocably and unconditionally guarantees to the Offshore Security Trustee and Agent (for and on behalf of itself and the Guarantee Beneficiaries) the payment, within five Business Days of written demand by the Offshore Security Trustee and Agent (acting on the instructions of the Intercreditor Agent) of an amount equal to:

- (a) the Guaranteed Obligations due and payable on each date on which any of the Guaranteed Obligations become due and payable; or
- (b) the Guaranteed Obligations following the occurrence of a Fundamental Event of Default which remains unremedied for the following periods:
  - (i) in respect of a Fundamental Event of Default pertaining to the ownership of Sadara, 60 days from the date of such occurrence;
  - (ii) in respect of a Fundamental Event of Default pertaining to: (A) the unlawfulness and invalidity of Common Finance Documents; (B) the insolvency of Sadara; or (C) the insolvency of Saudi Aramco, 90 days from and including the date of such occurrence; or
  - (iii) in respect of a Fundamental Event of Default pertaining to Governmental intervention, 180 days from and including the date of such occurrence; and
  - (iv) the Guaranteed Obligations following the occurrence of a Fundamental Event of Default which is not referred to in paragraph (b) above.

### 4. INDEMNITY

Subject to certain provisions of the DEH Primary Completion Guarantee, DEH irrevocably and unconditionally agrees (as primary obligor and not only as surety) to indemnify each Guarantee Beneficiary, on written demand, from and against any loss incurred by such Guarantee Beneficiary as a result of any Guaranteed Obligation being, or becoming, void, voidable, unenforceable or ineffective against Sadara for any reason whatsoever, except that DEH's aggregate liability to each Guarantee Beneficiary collectively shall not exceed the Relevant Proportion of the Guaranteed Obligations which such Guarantee Beneficiary would otherwise have been entitled to recover from Sadara in aggregate on the date of such demand if the relevant Guaranteed Obligations had not been or become void, voidable, unenforceable or ineffective as against Sadara.

### 5. TIME FOR PAYMENTS

If the DEH Primary Completion Guarantee does not provide for a particular payment to be due on a particular date, that payment will be due within five Business Days from the date of delivery by the Offshore Security Trustee and Agent (acting on the instructions of the Intercreditor Agent) to DEH of a written demand.

### 6. DEMANDS

If an Event of Default pertaining to the insolvency of Dow is continuing:

- (a) the Guaranteed Obligations shall become automatically due and payable;
- (b) the Offshore Security Trustee and Agent shall not be required to make any demand on the Completion Guarantors under clause 2.1 (*Guarantee*) of the DEH Primary Completion Guarantee in respect of the Relevant Proportion of the Guaranteed Obligations; and
- (c) payment will be due under the DEH Primary Completion Guarantee automatically on the fifth Business Day after the occurrence of such Event of Default unless payment in respect of such liability has been made by Sadara pursuant to the Finance Documents.

If the Offshore Security Trustee and Agent makes a written demand on the Completion Guarantors under clauses 2.1 (*Guarantee*) and 2.2 (*Indemnity*) of the DEH Primary Completion Guarantee in respect of any Relevant Proportion of the Guaranteed Obligations, it must: (a) send a copy of such demand to the other Completion Guarantors; and (b) make a written demand (copied to DEH) on each other Completion Guarantor (other than Dow as guarantor under the Dow Secondary Completion Guarantee) under the relevant Completion Guarantee in respect of their Relevant Proportion. Failure to comply with the foregoing will render the relevant demand made against DEH ineffective until such time as the requirements are satisfied.

The amount specified in a demand made by the Offshore Security Trustee and Agent pursuant to the DEH Primary Completion Guarantee as the amount of the Relevant Proportion of any Guaranteed Obligation or the amount due from DEH under the latter shall, in the absence of fraud or manifest error, be *prima facie* evidence that such amount is due and payable.

## **7. LIMITATION ON AMOUNTS**

The maximum amount recoverable from DEH shall not at any time exceed the Relevant Proportion of the Guaranteed Obligations at the date of any demand under the DEH Primary Completion Guarantee *less* the aggregate of all amounts paid by DEH under the DEH Primary Completion Guarantee on or after such date.

DEH shall not be liable for any amount claimed against another Completion Guarantor by reason of such other Completion Guarantor's failure to pay following a demand for payment or pursuant to the terms of the relevant Completion Guarantee.

## **8. TERMINATION**

Subject to the provision in relation to the avoidance of payments (see below), DEH's obligations under the DEH Primary Completion Guarantee shall automatically terminate upon the date of the earliest to occur of:

- (a) the Project Completion Date; or
- (b) the payment in full by Sadara of the Senior Debt; or
- (c) the payment in full by DEH of its aggregate maximum liability; or
- (d) the execution by the Offshore Security Trustee and Agent of a written release of DEH from its obligations under the DEH Primary Completion Guarantee; or
- (e) the Dow Exit Date.

## **9. COMMISSION**

Any amount which is owed by DEH to the Offshore Security Trustee and Agent under the DEH Primary Completion Guarantee and which is not paid (to the extent that commission in respect of such amount has not been paid by Sadara pursuant to the Finance Documents) shall bear commission at the default rate and be payable by DEH within three Business Days of a written demand in respect of the same, duly served on DEH by the Offshore Security Trustee and Agent. For the avoidance of doubt, neither the Issuer nor the Issuer Security Agents shall be entitled to receive any such commission at the default rate under the Sukuk Facility Documents.

## **10. AVOIDANCE OF PAYMENTS**

If, on insolvency or otherwise, any release, discharge or other arrangement in respect of any Guaranteed Obligation or any security the Offshore Security Trustee and Agent may hold for such Guaranteed Obligation is given or made in reliance on any payment or other disposition which is avoided or must be repaid, the DEH Primary Completion Guarantee shall continue in accordance with its terms as if such release, discharge or other arrangement had not been given or made in respect of the avoided or repaid payment or other disposition.

## **11. IMMEDIATE RECOURSE**

The Offshore Security Trustee and Agent is under no obligation to exercise or enforce any other rights or security it may have or hold in respect of the Guaranteed Obligations before exercising any of the rights conferred on it by the DEH Primary Completion Guarantee, or by any Applicable Law to seek to recover amounts due from Sadara or any other person in respect of the Guaranteed Obligations.

## **12. WAIVER OF DEFENSES**

Subject to certain provisions of the DEH Primary Completion Guarantee, neither DEH's obligations contained in the DEH Primary Completion Guarantee nor the rights, powers and remedies conferred upon the Offshore Security Trustee and Agent by the DEH Primary Completion Guarantee or by any Applicable Law shall be discharged, impaired or otherwise affected by the following:

- (a) the winding-up, dissolution, administration or reorganization of Sadara or any other person or any change in the status, function, control or ownership of Sadara or any such person;
- (b) the illegality, invalidity, unenforceability or ineffectiveness of any of the Guaranteed Obligations or any security held by the Offshore Security Trustee and Agent; or
- (c) any time or other indulgence being granted or agreed:
  - (i) to or with Sadara or any other person in respect of the Guaranteed Obligations or any of them; or
  - (ii) in respect of any security held by the Offshore Security Trustee and Agent in respect thereof;
  - (iii) subject to certain exceptions under the DEH Primary Completion Guarantee, any amendment to, or any variation, waiver or release of the Guaranteed Obligations, or any of them or any security held by the Offshore Security Trustee and Agent in respect thereof;
  - (iv) any total or partial failure to take or perfect any security or other guarantee proposed to be taken in respect of the Guaranteed Obligations or any of them;
  - (v) any total or partial failure to realize the value of, or any release, discharge, exchange or substitution of any security or other guarantee held by the Offshore Security Trustee and Agent in respect of the Guaranteed Obligations or any of them; or
  - (vi) without prejudice to clause 2.6 (*Termination*) of the DEH Primary Completion Guarantee, any other act, event or omission which might operate to discharge, impair or otherwise affect any of the obligations of the Completion Guarantors or any of the rights, powers and remedies conferred upon the Offshore Security Trustee and Agent by the DEH Primary Completion Guarantee or by any Applicable Law.

### 13. NO COMPETITION

Subject to certain provisions of the DEH Primary Completion Guarantee and prior to the date on which all of the Senior Debt is irrevocably discharged in full:

- (a) any right which DEH may have by way of contribution, indemnity, subrogation or otherwise in relation to the Guaranteed Obligations in competition with the Offshore Security Trustee and Agent or any Guarantee Beneficiary, shall be exercised by the Completion Guarantors only if and to the extent that the Offshore Security Trustee and Agent so requires and in such manner and upon such terms as the Offshore Security Trustee and Agent may specify; and
- (b) DEH shall hold any monies, rights or security held or received by it as a result of the exercise of any such rights (until the date on which all of the Senior Debt is irrevocably discharged in full, and without prejudice to the rights of DEH as a Shareholder Senior Facility Creditor) on behalf of the Offshore Security Trustee and Agent for application in accordance with any liability of DEH under the DEH Primary Completion Guarantee as if such monies, rights or security were held or received by the Offshore Security Trustee and Agent under the DEH Primary Completion Guarantee.

### 14. REPRESENTATIONS AND WARRANTIES

DEH makes certain representations and warranties to the Offshore Security Trustee and Agent on the date of the DEH Primary Completion Guarantee. Such representations and warranties include the following as to:

- (a) its corporate status and corporate authorization;
- (b) due execution of the Finance Documents to which it is a party;
- (c) the legal validity of its obligations;
- (d) no deductions or withholdings required;
- (e) *pari passu* ranking of its obligations under the DEH Primary Completion Guarantee;
- (f) no proceedings pending or threatened;
- (g) no filing or stamp taxes required;
- (h) its shareholding in Sadara;
- (i) no governmental consents outstanding;

- (j) no involvement in improper or illegal acts;
- (k) the absence of conflict in the execution and delivery, and performance of the DEH Primary Completion Guarantee with Applicable Law, DEH's constitutional documents or any agreements to which it is, in each case, a party; and
- (l) no prohibited or improper payments made by it.

On the date of each drawing under the Initial Facilities and on each Commission Payment Date, DEH shall: repeat the representations and warranties in relation to: (a) its corporate status and corporate authorization; (b) the legal validity of its obligations; (c) the *pari passu* ranking of its obligations under the DEH Primary Completion Guarantee; (d) no filing or stamp taxes required; (e) the absence of conflict in the performance of the DEH Primary Completion Guarantee with Applicable Law, DEH's constitutional documents or any agreements to which it is a party; (f) no prohibited or improper payments made by it; and (g) no involvement in improper or illegal acts.

## **15. TAX GROSS UP**

DEH must make all payments to be made by it under the DEH Primary Completion Guarantee without any Tax Deduction, unless a Tax deduction is required by Applicable Law.

Subject to certain provisions of the DEH Primary Completion Guarantee, a Tax Deduction is required by Applicable Law to be made by DEH, the amount of the payment due from DEH under the DEH Primary Completion Guarantee will be increased to an amount which (after making the Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

## **16. REMEDIES AND WAIVERS**

No failure, nor delay by the Offshore Security Trustee and Agent to exercise any right or remedy under the DEH Primary Completion Guarantee shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy prevent any further or other exercise thereof, or the exercise of any other such right or remedy.

## **17. CURRENCY INDEMNITY**

DEH shall indemnify the Offshore Security Trustee and Agent from and against any loss suffered or incurred as a result of any discrepancy between currency rates of exchange if any sum due from DEH under the DEH Primary Completion Guarantee or any order or judgment given in relation to the DEH Primary Completion Guarantee has to be converted from one currency to another.

## **18. TRANSFERS AND ASSIGNMENTS**

DEH may not assign or transfer its rights and obligations under the DEH Primary Completion Guarantee.

The Offshore Security Trustee and Agent may assign or transfer (in whole or in part) its rights and obligations under the DEH Primary Completion Guarantee to any person acting as its successor in materially the same capacity as the Offshore Security Trustee and Agent for the Guarantee Beneficiaries without the consent of DEH.

## **19. GOVERNING LAW**

The DEH Primary Completion Guarantee and all non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law.

## **20. DISPUTE RESOLUTION**

The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with the DEH Primary Completion Guarantee.

## SAUDI ARAMCO COMPLETION GUARANTEE

Except as described below, the Saudi Aramco Completion Guarantee contains similar terms and conditions as the DEH Primary Completion Guarantee.

### 21. PARTIES

Saudi Aramco and the Offshore Security Trustee and Agent.

### 22. TIME FOR PAYMENTS

If the Saudi Aramco Completion Guarantee does not provide for a particular payment to be due on a particular date, that payment will be due within eight Business Days of written demand.

### 23. TERMINATION

The termination provisions under the Saudi Aramco Completion Guarantee do not include the occurrence of the Dow Exit Date.

### 24. REPRESENTATIONS AND WARRANTIES

Except as stated below, Saudi Aramco makes the same representations and warranties to the Offshore Security Trustee and Agent as contained in the DEH Primary Completion Guarantee.

The following representations and warranties are qualified as stated below:

- (a) the legal validity of its obligations, subject to its translation into Arabic by a translator licensed in The Kingdom;
- (b) no deduction or withholdings, (other than in respect of the existing 5% withholding tax that currently applies to certain payments made to parties resident outside The Kingdom); and
- (c) no actual or threatened litigation which has a reasonable prospect of success and, if adversely determined, would reasonably be expected to have a Material Adverse Effect.
- (d) Saudi Aramco also makes additional representations and warranties as to the following:
  - (i) its execution of the Saudi Aramco Completion Guarantee constituting a private and commercial act done and performed for private purposes; and
  - (ii) no entitlement to immunity from suit, execution, attachment, judgment or other legal process.

On the date of each drawing under the Initial Senior Debt (other than Bonds or Sukuk) and on each Commission Payment Date, Saudi Aramco shall repeat the same representations and warranties as DEH under the DEH Primary Completion Guarantee. In addition, Saudi Aramco shall repeat the representation and warranty relating to no entitlement to immunity from suit, execution, attachment, judgment or other legal process.

## DOW SECONDARY COMPLETION GUARANTEE

Except as described below, the Dow Secondary Completion Guarantee contains similar terms and conditions as the DEH Primary Completion Guarantee.

### 25. PARTIES

Dow and the Offshore Security Trustee and Agent.

### 26. GUARANTEE

Subject to certain provisions of the Dow Secondary Completion Guarantee, Dow irrevocably and unconditionally guarantees to the Offshore Security Trustee and Agent (for and on behalf of itself and the Guarantee Beneficiaries) the payment, within three Business Days from the date of delivery of written demand by the Offshore Security Trustee and Agent (acting on the instructions of the Intercreditor Agent) to Dow, of the Guaranteed Obligations due and payable on such date.

## 27. INDEMNITY

Subject to certain provisions of the Dow Secondary Completion Guarantee, Dow irrevocably and unconditionally agrees (as primary obligor) to indemnify each Guarantee Beneficiary on written demand from and against any loss incurred by such Guarantee Beneficiary as a result of any Guaranteed Obligation being, or becoming, void, voidable, unenforceable or ineffective against DEH for any reason whatsoever, except that Dow's aggregate liability to each Guarantee Beneficiary collectively shall not exceed the Guaranteed Obligations which such Guarantee Beneficiary would otherwise have been entitled to recover from DEH in aggregate on the date of such demand if the relevant Guaranteed Obligations had not been or become void, voidable, unenforceable or ineffective as against DEH.

## 28. DEMANDS

If an Event of Default pertaining to the insolvency of Dow is continuing:

- (a) the Guaranteed Obligations shall become automatically due and payable;
- (b) the Offshore Security Trustee and Agent shall not be required to make any demand on the Completion Guarantors under the guarantee referred to above in respect of the Guaranteed Obligations; and
- (c) payment will be due under Dow Secondary Completion Guarantee automatically on the third Business Day after the date on which DEH is due to make payment under clause 2.4(a) (iii) (*Demands*) of the DEH Primary Completion Guarantee, unless and to the extent DEH has made such payments.

If the Offshore Security Trustee and Agent make a written demand on the Completion Guarantors under clauses 2.1 (*Guarantee*) and 2.2 (*Indemnity*) of the DEH Primary Completion Guarantee in respect of the Guaranteed Obligations, it must send a copy of such demand to the other Completion Guarantors. Failure to comply with the foregoing will render the relevant demand made against Dow ineffective until such time as the requirements are satisfied.

The amount specified in a demand made by the Offshore Security Trustee and Agent pursuant to the Dow Secondary Completion Guarantee as the amount of any Guaranteed Obligation or the amount due from Dow under the latter shall, in the absence of fraud or manifest error, be *prima facie* evidence that such amount is due and payable. DEH shall not be liable for any amount claimed against another Completion Guarantor by reason of such other Completion Guarantor's failure to pay following a demand for payment or pursuant to the terms of the relevant Completion Guarantee.

## 29. LIMITATION ON AMOUNTS

The maximum amount recoverable from Dow shall not at any time exceed the Guaranteed Obligations.

## 30. COMMISSION

Any amount which is owed by Dow to the Offshore Security Trustee and Agent under the Dow Secondary Completion Guarantee and which is not paid (to the extent that commission in respect of such amount has not been paid by DEH pursuant to the DEH Primary Completion Guarantee) shall bear commission at the default rate from the due date until the date on which such amount is unconditionally and irrevocably paid and discharged in full, accruing from day-to-day. For the avoidance of doubt, neither the Issuer nor the Issuer Security Agents shall be entitled to receive any such commission at the default rate under the Sukuk Facility Documents.

## 31. TERMINATION

Subject to clause 3.2 (*Avoidance of Payments*) of the Dow Secondary Completion Guarantee, Dow's obligations under the Dow Secondary Completion Guarantee shall automatically terminate upon the earliest to occur of:

- (a) the Project Completion Date;
- (b) the payment in full by DEH of the Guaranteed Obligations;
- (c) the Dow Exit Date; or



- (d) the execution by the Offshore Security Trustee and Agent of a written release of DEH from its obligations under the DEH Primary Completion Guarantee.

### **32. IMMEDIATE RECOURSE**

The Offshore Security Trustee and Agent is under no obligation to exercise or enforce any other rights or security it may have or hold in respect of the Guaranteed Obligations before exercising any of the rights conferred on it by the Dow Secondary Completion Guarantee or by any Applicable Law to seek to recover amounts due from DEH or any other person in respect of the Guaranteed Obligations.

### **33. WAIVER OF DEFENSES**

Subject to certain provisions of the Dow Secondary Completion Guarantee, neither Dow's obligations contained in the Dow Secondary Completion Guarantee, nor the rights, powers and remedies conferred upon the Offshore Security Trustee and Agent by the Dow Secondary Completion Guarantee or by any Applicable Law shall be discharged, impaired or otherwise affected by the following:

- (a) the winding-up, dissolution, administration or reorganization of DEH or any other person or any change in the status, function, control or ownership of DEH or any such person;
- (b) the illegality, invalidity, unenforceability or ineffectiveness of any of the Guaranteed Obligations or any security held by the Offshore Security Trustee and Agent;
- (c) any time or other indulgence being granted or agreed:
- (d) to or with DEH or any other person in respect of the Guaranteed Obligations or any of them;
- (e) in respect of any security held by the Offshore Security Trustee and Agent in respect thereof;
- (f) any amendment to, or any variation, waiver or release of, the Guaranteed Obligations or any of them or any security held by the Offshore Security Trustee and Agent in respect thereof;
- (g) any total or partial failure to take or perfect any security or other guarantee proposed to be taken in respect of the Guaranteed Obligations or any of them;
- (h) any total or partial failure to realize the value of, or any release, discharge, exchange or substitution of any security or other guarantee held by the Offshore Security Trustee and Agent in respect of the Guaranteed Obligations or any of them; or
- (i) without prejudice to clause 2.6 (*Termination*) of the Dow Secondary Completion Guarantee, any other act, event or omission which might operate to discharge, impair or otherwise affect any of the obligations of the Completion Guarantors or any of the rights, powers and remedies conferred upon the Offshore Security Trustee and Agent by the DEH Primary Completion Guarantee or by any Applicable Law.

### **34. NO COMPETITION**

The no competition provisions in the Dow Secondary Completion Guarantee are applicable until the date on which the Guaranteed Obligations are irrevocably discharged in full.

### **35. REPRESENTATIONS AND WARRANTIES**

Dow makes the same representations and warranties as contained in the DEH Primary Completion Guarantee, except that:

- (a) the representation in relation to actual or threatened litigation is qualified by any disclosures made in the then current Form 10-K, Form 10-Q or any Form 8-K filed by Dow; and
- (b) Dow does not give a representation and warranty as to its shareholding in Sadara.

### **36. GOVERNING LAW**

The Dow Secondary Completion Guarantee and all non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law.

### **37. DISPUTE RESOLUTION**

The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with the Dow Secondary Completion Guarantee.

## **E. SECURITY DOCUMENTS**

The Secured Parties' security package comprises the security interests created pursuant to the following Security Documents, each of which are expected to be entered into and summarised below:

- (a) Onshore Assignment Agreement;
- (b) Onshore Commercial Pledge Agreement;
- (c) Onshore Security over Accounts Agreement;
- (d) Saudi Aramco Shareholder Share Pledge Agreement;
- (e) Dow Shareholder Share Pledge Agreement;
- (f) Offshore Charge and Assignment Agreement;
- (g) US Security Agreement;
- (h) SIDF Security Interest Assignment Agreement; and
- (i) Sukuk Issuer Share Pledge Agreements.

## **ONSHORE ASSIGNMENT AGREEMENT**

### **1. PARTIES**

Sadara and the Onshore Security Agent.

### **2. SECURITY INTEREST BEING GRANTED**

Assignment by Sadara of the Assigned Contracts and Related Rights to the Onshore Security Agent.

### **3. PERIODIC REFRESHING MECHANISM**

The Onshore Security Agent, acting pursuant to and in accordance with the Security Power of Attorney, will deliver a periodic assignment amendment agreement to Sadara: (i) one month after the execution of the Onshore Assignment Agreement; (ii) each month thereafter until the Final Discharge Date; and (iii) within eight Business Days of the incurrence of Additional Senior Debt.

### **4. REGISTRATION OF ENCUMBRANCE**

Sadara is required to register the Encumbrances created under the Onshore Assignment Agreement and each Assignment Amendment Agreement with the Unified Centre. In addition, to the extent that it becomes necessary to register the Encumbrances created under the Onshore Assignment Agreement at any other place in The Kingdom in addition to the Unified Centre then Sadara will promptly do so at its expense upon the request of the Onshore Security Agent.

### **5. OBLIGATION TO GRANT A SECURITY INTEREST OVER FUTURE ASSETS**

Sadara is required to deliver a Future Contracts Assignment Amendment Agreement in respect of any Future Assigned Contract, unless the Onshore Security Agent is party to such Future Assigned Contract.

### **6. ONSHORE SECURITY AGENT'S RIGHTS**

Pursuant to the Security Power of Attorney, the Onshore Security Agent is appointed to: (i) do anything which Sadara is obliged to do (but has failed to do promptly) under the Onshore Assignment Agreement; and (ii) exercise any of the rights conferred on the Onshore Security Agent, in each case in relation to the Assigned Contracts or Future Assigned Contracts.

At any time on or after the Enforcement Action (as defined in the Direct Agreement), the Onshore Security Agent will have the right to:

- (a) take possession;
- (b) perform or vary any Assigned Contract or Future Assigned Contract;
- (c) deal with any Assigned Contract or Future Assigned Contract;

- (d) borrow money;
- (e) settle, adjust, refer to arbitration, compromise and arrange claims;
- (f) bring, prosecute, enforce, defend and abandon legal actions;
- (g) redeem any Encumbrance;
- (h) take ownership; and
- (i) take any other action it deems necessary to realise the Assigned Contracts or Future Assigned Contracts or incidental to the exercise of any of the rights conferred on the Onshore Security Agent under or by virtue of any Secured Debt Document to which Sadara is a party.

## **7. GOVERNING LAW AND JURISDICTION**

The Onshore Assignment Agreement is governed by and construed in accordance with the laws of The Kingdom.

## **ONSHORE COMMERCIAL PLEDGE AGREEMENT**

The Onshore Commercial Pledge Agreement will be initialed by Sadara and the Intercreditor Agent as being in agreed form at First Financial Close and is not expected to be entered into until following the Project Completion Date and then only to the extent (i) the SIDF Facilities have not been entered into; or (ii) subsequently thereafter, the SIDF Facilities are repaid in full.

### **1. PARTIES**

Sadara and the Onshore Security Agent.

### **2. SECURITY INTEREST BEING GRANTED**

Pledge by Sadara of the Pledged Assets and Related Rights in favor of the Onshore Security Agent.

### **3. PERIODIC REFRESHING MECHANISM**

The Onshore Security Agent, acting pursuant to and in accordance with the Security Power of Attorney, will deliver a Pledge Amendment Agreement to Sadara within eight Business Days of the incurrence of Additional Senior Debt.

### **4. REGISTRATION OF ENCUMBRANCE**

Sadara is required to register the Encumbrances created under the Onshore Commercial Pledge Agreement and each Pledge Amendment Agreement with the Unified Centre. In addition, to the extent that it becomes necessary to register the Encumbrances created under the Onshore Commercial Pledge Agreement at any other place in The Kingdom in addition to the Unified Centre then Sadara will promptly do so at its expense upon the request of the Onshore Security Agent.

### **5. OBLIGATION TO GRANT A SECURITY INTEREST OVER FUTURE ASSETS**

Sadara is required to deliver a Pledge Amendment Agreement in respect of any Additional Assets and Related Rights.

### **6. ONSHORE SECURITY AGENT'S RIGHTS**

Pursuant to the Security Power of Attorney, the Onshore Security Agent is appointed to: (i) do anything which Sadara is obliged to do (but has failed to do promptly) under the Onshore Commercial Pledge Agreement; and (ii) exercise any of the rights conferred on the Onshore Security Agent, in each case in relation to the Additional Assets, Pledged Assets and Related Rights.

At any time on or after the Enforcement Action Date, the Onshore Security Agent will have the rights broadly as described above under "*Onshore Assignment Agreement*".

## **7. GOVERNING LAW AND JURISDICTION**

The Onshore Commercial Pledge Agreement is governed by and construed in accordance with the laws of The Kingdom.

## ONSHORE SECURITY OVER ACCOUNTS AGREEMENT

### 1. PARTIES

Sadara, the Onshore Security Agent and the Onshore Account Bank.

### 2. SECURITY INTEREST BEING GRANTED

Assignment by Sadara over certain of the Onshore Project Accounts (other than the Excluded Project Accounts) including the balances standing to the credit of such accounts from time to time, and all benefits and proceeds paid in relation to such accounts to the Onshore Security Agent and, to the extent not effectively assigned, a pledge by Sadara over certain of the Onshore Project Accounts (other than the Excluded Project Accounts).

### 3. PERIODIC REFRESHING MECHANISM

The Onshore Security Agent, acting pursuant to and in accordance with the Security Power of Attorney, will deliver: (i) a Letter of Assignment; and (ii) to the extent not effectively assigned, a Pledge Amendment Agreement to Sadara: (a) one month after the execution of the Onshore Security over Accounts Agreement; (b) each month thereafter until the Final Discharge Date; and (c) within eight Business Days of the incurrence of Additional Senior Debt.

### 4. REGISTRATION OF ENCUMBRANCE

Sadara is required to register the Encumbrances created under the Onshore Security Over Accounts Agreement and each Pledge Amendment Agreement or Letter of Assignment with the Unified Centre. In addition, to the extent that it becomes necessary to register the Encumbrances created under the Onshore Security Over Accounts Agreement at any other place in The Kingdom in addition to the Unified Centre then Sadara will promptly do so at its expense upon the request of the Onshore Security Agent.

### 5. ONSHORE SECURITY AGENT'S RIGHTS

Pursuant to the Security Power of Attorney, the Onshore Security Agent is appointed to: (i) do anything which Sadara is obliged to do (but has failed to do promptly) under the Onshore Security Over Accounts Agreement; and (ii) exercise any of the rights conferred on the Onshore Security Agent in relation to the relevant *Onshore Project Accounts*.

At any time on or after the Enforcement Action Date, the Onshore Security Agent will have the rights broadly as described above under "*Onshore Assignment Agreement*".

### 6. GOVERNING LAW AND JURISDICTION

The Onshore Security Over Accounts Agreement is governed by and construed in accordance with the laws of The Kingdom.

## SAUDI ARAMCO SHAREHOLDER SHARE PLEDGE AGREEMENT

### 1. PARTIES

Saudi Aramco Shareholder and the Onshore Security Agent.

### 2. SECURITY INTEREST BEING GRANTED

Pledge by the Saudi Aramco Shareholder of the Shares in favor of the Onshore Security Agent and an assignment of rights, title and interest in each Assigned Subordinated Loan Agreement and Related Rights to the Onshore Security Agent.

### 3. PERIODIC REFRESHING MECHANISM

The Onshore Security Agent, acting pursuant to and in accordance with the Security Power of Attorney, will

deliver a Pledge Amendment Agreement to Sadara within eight Business Days of the incurrence of Additional Senior Debt.

#### 4. REGISTRATION OF ENCUMBRANCE

Sadara is required to register the Encumbrances created under the Saudi Aramco Shareholder Share Pledge Agreement and each Pledge Amendment Agreement or Letter of Assignment with the Unified Centre. In addition, to the extent that it becomes necessary to register the Encumbrances created under the Saudi Aramco Shareholder Share Pledge Agreement at any other place in The Kingdom in addition to the Unified Centre then the Sadara will promptly do so at its expense upon the request of the Onshore Security Agent.

#### 5. RESTRICTIONS

The Saudi Aramco Shareholder will not create or permit to subsist any Encumbrance over the Shares, the Additional Shares or any Assigned Subordinated Loan Agreement. This restriction does not apply to (i) any Encumbrance constituted by the Saudi Aramco Shareholder Share Pledge Agreement; (ii) any lien or right of set-off arising by operation of law or regulation and in the ordinary course of business for amounts not overdue or for amounts being contested in good faith; and (iii) any Encumbrance created with the prior consent of the Onshore Security Agent.

Other than as permitted under clause 27 (*Share-transfer Restrictions*) of the GCTA, the Saudi Aramco Shareholder will not enter into a single transaction or series of transactions to sell, lease, transfer or otherwise dispose of the Shares, the Additional Shares or any Assigned Subordinated Loan Agreement.

#### 6. OBLIGATION TO GRANT A SECURITY INTEREST OVER FUTURE ASSETS

Sadara is required to deliver a Pledge Amendment Agreement in respect of any Additional Shares.

#### 7. ONSHORE SECURITY AGENT'S RIGHTS

Pursuant to the Security Power of Attorney, the Onshore Security Agent is appointed to: (i) do anything which the Saudi Aramco Shareholder is obliged to do (but has failed to do promptly) under the Saudi Aramco Shareholder Share Pledge Agreement; and (ii) exercise any of the rights conferred on the Onshore Security Agent, in each case in relation to the Shares and Additional Shares.

At any time on or after the Enforcement Action Date, the Onshore Security Agent will have the rights broadly as described above under "*Onshore Assignment Agreement*".

#### 8. GOVERNING LAW AND JURISDICTION

The Saudi Aramco Shareholder Share Pledge Agreement is governed by and construed in accordance with the laws of The Kingdom.

### DOW SHAREHOLDER SHARE PLEDGE AGREEMENT

#### 1. PARTIES

The Dow Shareholder and the Onshore Security Agent.

#### 2. SECURITY INTEREST BEING GRANTED

Pledge by the Dow Shareholder of the Shares in favor of the Onshore Security Agent and assignment of rights, title and interest in each Assigned Subordinated Loan Agreement and Related Rights to the Onshore Security Agent.

#### 3. PERIODIC REFRESHING MECHANISM

The Onshore Security Agent, acting pursuant to and in accordance with the Security Power of Attorney, will deliver a Pledge Amendment Agreement to Sadara within eight Business Days of the incurrence of Additional Senior Debt.

#### 4. REGISTRATION AND ENCUMBRANCE

Sadara is required to register the Encumbrances created under the Dow Shareholder Share Pledge Agreement and each Pledge Amendment Agreement or Letter of Assignment with the Unified Centre. In addition, to the extent that it becomes necessary to register the Encumbrances created under the Dow Shareholder Share Pledge Agreement at any other place in The Kingdom in addition to the Unified Centre then the Sadara will promptly do so at its expense upon the request of the Onshore Security Agent.

#### 5. RESTRICTIONS

The Dow Shareholder will not create or permit to subsist any Encumbrance over the Shares, the Additional Shares or any Assigned Subordinated Loan Agreement. This restriction does not apply to (i) any Encumbrance constituted by the Dow Shareholder Share Pledge Agreement; (ii) any lien or right of set-off arising by operation of law or regulation and in the ordinary course of business for amounts not overdue or for amounts being contested in good faith; and (iii) any Encumbrance created with the prior consent of the Onshore Security Agent.

Other than as permitted under clause 27 (*Share-transfer Restrictions*) of the GCTA, the Dow Shareholder will not enter into a single transaction or series of transactions to sell, lease, transfer or otherwise dispose of the Shares, the Additional Shares or any Assigned Subordinated Loan Agreement.

#### 6. ONSHORE SECURITY AGENT'S RIGHTS

Pursuant to the Security Power of Attorney, the Onshore Security Agent is appointed to: (i) do anything which the Dow Shareholder is obliged to do (but has failed to do promptly) under the Dow Shareholder Share Pledge Agreement; and (ii) exercise any of the rights conferred on the Onshore Security Agent, in each case in relation to the Shares and Additional Shares.

At any time on or after the Enforcement Action Date, the Onshore Security Agent will have the rights broadly as described above under “*Onshore Assignment Agreement*”.

#### 7. GOVERNING LAW AND JURISDICTION

The Dow Shareholder Share Pledge Agreement is governed by and construed in accordance with the laws of The Kingdom.

### OFFSHORE CHARGE AND ASSIGNMENT AGREEMENT

#### 1. PARTIES

Sadara and the Offshore Security Trustee and Agent.

#### 2. SECURITY INTEREST BEING GRANTED

Assignment by Sadara of the Assigned Contracts and, from the Project Completion Date, certain insurances together with all Related Rights, governed by English law in favor of the Offshore Security Trustee and Agent.

Assignment by Sadara of, and charge by Sadara over the Offshore Project Accounts (other than the Excluded Project Accounts) together with all Related Rights, in favor of the Offshore Security Trustee and Agent.

#### 3. OFFSHORE SECURITY TRUSTEE AND AGENT'S RIGHTS

Pursuant to the power of attorney granted under the Offshore Charge and Assignment Agreement, the Offshore Security Trustee and Agent is appointed to perform any obligation imposed on the Chargor by the Offshore Charge and Assignment and exercise any of the rights conferred on the Offshore Security Trustee and Agent.

At any time on or after the Enforcement Action Date, the Offshore Security Trustee and Agent will have the rights broadly as described above under “*Onshore Assignment Agreement*”.



#### 4. GOVERNING LAW AND JURISDICTION

The Offshore Charge and Assignment Agreement and any non-contractual obligations arising out of or in connection with it are governed by and construed in accordance with the English law.

### US SECURITY AGREEMENT

#### 1. PARTIES

Sadara, the Offshore Security Trustee and Agent and the Offshore Account Bank.

#### 2. SECURITY INTEREST BEING GRANTED

Pledge by Sadara of all of its right, title and interest in and to the US Ex-Im Bank Disbursement Account together with all Related Rights.

#### 3. OFFSHORE SECURITY TRUSTEE AND AGENT'S RIGHTS

Pursuant to the power of attorney granted under the US Security Agreement, the Offshore Security Trustee and Agent is appointed to take any action and to execute any instrument necessary or which the Offshore Security Trustee and Agent may deem advisable (acting reasonably) to accomplish the purposes of the US Security Agreement.

At any time on or after the Enforcement Action Date, the Offshore Security Trustee and Agent will have the rights broadly as described above under "*Onshore Assignment Agreement*".

#### 4. GOVERNING LAW AND JURISDICTION

The US Security Agreement is governed by and construed in accordance with the laws of the State of New York.

### SIDF SECURITY INTEREST AGREEMENT

Pursuant to the potential SIDF Security Interest Agreement, to the extent SIDF participates in the financing of the Project, it is contemplated that SIDF will take an assignment by way of security over certain technology rights relating to the Project; an assignment over Sadara's rights to receive certain insurance proceeds (to the extent required by SIDF (other than any such proceeds to be paid directly by an insurer to a third party claimant)); and a pledge over the fixed assets of Sadara. To the extent SIDF participates in the financing of the Project, it is expected that SIDF will, together with Sadara, agree to assign any residual proceeds of such security to the Secured Parties pursuant to the SIDF Security Interest Assignment Agreement. SIDF will not be a party to the Intercreditor Agreement or the GCTA and will maintain its security separately to the Secured Parties.

### SUKUK ISSUER SHARE PLEDGE AGREEMENTS

Pursuant to the terms of the Sukuk Issuer Share Pledge Agreements governed by Dutch law, Sadara has agreed to grant a pledge in favor of the Offshore Security Trustee and Agent over its shares in each of the five Initial Issuer Shareholders.

## F. DIRECT AGREEMENTS

Direct Agreements will be entered into by Sadara with each Sponsor (or any Affiliate) that is a counterparty to the Major Project Documents, and with each other counterparty to the Major Project Documents subject to certain exceptions. The Security Agents will also be a party to the Direct Agreements.

As is customary in The Kingdom, no Direct Agreement will be entered into in respect of the Industrial Land Lease Contract, the Terminal Lease Agreements or the Utility Agreements.

A template Direct Agreement to be used in relation to Major Project Documents is set out in schedule 9 (*Form of Pro Forma Direct Agreement*) to the GCTA. The form of Direct Agreement broadly addresses the concerns of lenders in transactions of this nature, including the recognition of the Security, the provision of

express cure rights, as well as creditor step-in rights (the Sponsors' Affiliates having no termination rights prior to the Senior Creditors having had an opportunity to cure the default). The Direct Agreements will, generally, be governed by, and construed in accordance with English law, whilst the remainder will be governed by the laws of The Kingdom. Disputes relating to the Direct Agreements would be submitted for arbitration.

Each Direct Agreement contains substantially the same provisions. A summary of the relevant provisions of the Direct Agreement is set out below:

## **1. PARTIES**

Contract Counterparty, Guarantor (if applicable), relevant Security Agent and Sadara.

## **2. NOTICE OF ASSIGNMENT; CONSENT TO ASSIGNMENT AND CONFIRMATIONS**

Sadara has given notice to the relevant Counterparties that it has assigned to the Security Agent all of its right, title and interest in, to and under the Relevant Document. The Counterparties have given an acknowledgment of such notice and consent to the assignment by Sadara of the Assigned Rights to the Security Agent.

## **3. RIGHT TO CURE**

The Contract Counterparty shall not take any Enforcement Action in the event of a default or breach by Sadara in the performance of any of its obligations under the Relevant Document, without first giving an Enforcement Notice (as defined in the Direct Agreement) to the Security Agent. The Security Agent or its designees will have the opportunity to cure such default within a specified time, at the end of which, if the default is not cured, the Contract Counterparty may commence Enforcement Action.

## **4. STEP IN**

Subject to the provisions in clause 2.3 (*Right to Cure*) of the Direct Agreement, the Contract Counterparty agrees that, following receipt of a Step In Notice from the Security Agent that the Security Agent has become entitled to serve such notice pursuant to the Finance Documents, the Security Agent may:

- (a) request that the Contract Counterparty provide details of any defaults of Sadara that have occurred and are continuing; and
- (b) substitute Sadara for a Substitute Obligor under the Relevant Document.

Following the Assumption Date, the Substitute Obligor will be jointly and severally liable with Sadara during the Step In Period for the performance of Sadara's obligations under the Relevant Document and the Contract Counterparty shall recognize the Substitute Obligor and continue to perform its obligations under the Relevant Document in favor of the Substitute Obligor.

The Substitute Obligor is required to either be:

- (i) the Security Agent or its authorized designee (which shall be owned or controlled by the Security Agent or by one or more Senior Financing Participants);
- (ii) authorized under any Applicable Laws to carry on business in The Kingdom; and
- (iii) not a person engaged in a business that is in direct competition with the Contract Counterparty;
- (iv) or, an entity meeting the following requirements:
  - (A) it has (directly or indirectly) the personnel, technical expertise and experience, access to financial resources and be authorized by any Applicable Law to perform its obligations under the relevant Finance Document;
  - (B) it has given a written undertaking to the Contract Counterparty to remedy as soon as practicable any outstanding defaults of Sadara under the Relevant Document; and
  - (C) it is not a person engaged in a business that is in direct competition with the Contract Counterparty.

## **5. STEP OUT**

The Substitute Obligor can at any time following the Assumption Date, terminate its obligations under the Relevant Document or the Direct Agreement by giving the Contract Counterparty a Step-out notice providing

a minimum of 30 days' notice, following which the Substitute Obligor shall be released from all obligations under the Relevant Document and the Direct Agreement arising after the Step-Out Date.

## **6. NOVATION**

The Security Agent may, if it has become entitled to do so under the Finance Documents, give a Novation Notice to the Contract Counterparty specifying that it wishes a Substitute Entity to assume the rights and obligations of Sadara under the Relevant Document and the Direct Agreement.

Following such novation, Sadara and the Contract Counterparty shall each be released from further obligations to the other under the Relevant Document and the Direct Agreement and their respective rights against each other shall be cancelled.

## **7. NO CANCELLATION**

The Contract Counterparty shall not, without the Security Agent's prior written consent: (i) enter into any consensual cancellation or termination of the Relevant Document; (ii) assign, transfer, novate or otherwise dispose of all or any part of its obligations, right, title and interest under the Relevant Document; or (iii) consent to any of the same by Sadara.

## **8. NO LIABILITY**

The Contract Counterparty acknowledges and agrees that, except during any period in which the Security Agent (or any of its authorized designees in accordance with the Finance Documents) is a Substitute Obligor, the Security Agent shall not have any liability or obligation under the Relevant Document as a result of the Direct Agreement, the Relevant Document or otherwise, nor shall the Security Agent be obliged or required to perform any of Sadara's obligations under the Relevant Document.

## **9. REPRESENTATIONS AND WARRANTIES**

The Counterparty makes representations and warranties in relation to the following:

- (a) their respective corporate status and authority to enter into and deliver their respective obligations under the Direct Agreement;
- (b) the legal, valid, binding and enforceable nature of the Counterparties' obligations under the Direct Agreement;
- (c) the receipt of all material consents and authorizations required; and
- (d) the absence of conflict with Applicable Law, constitutional documents or any existing agreements to which each Counterparty is a party with the execution, delivery and performance of the Direct Agreement and the Relevant Document.

## **10. PAYMENTS UNDER THE RELEVANT DOCUMENT**

The Counterparties shall pay all amounts due to Sadara under the Relevant Document directly into an account specified by the Security Agent.

## **11. GOVERNING LAW**

Depending on the identity of the Contract Counterparty, the Direct Agreement and all non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, the laws of either England and Wales or The Kingdom.

## **12. DISPUTE RESOLUTION**

Disputes shall be submitted for arbitration and resolved in accordance with the procedural rules of the ICC.

## **13. SUCCESSORS AND ASSIGNS**

No party shall assign or transfer all or any part of its respective rights or obligations under the Direct Agreement

without the consent of the other parties, save that the Security Agent may transfer its rights and obligations to a successor Security Agent (in accordance with the Finance Documents) without the consent of the other parties and Sadara shall be entitled to assign or transfer (including by way of novation) all or any part of its right, benefit, interest or obligations under the Direct Agreement to Saudi Aramco (or an Affiliate), Dow (or an Affiliate) or to any entity to which Sadara assigns or transfers its rights and obligations in respect of the Finance Documents.

#### 14. TERM OF CONSENT

Each Direct Agreement shall terminate upon the earliest to occur of:

- (a) the valid termination or expiration of the Relevant Document in accordance with its terms;
- (b) receipt of notice by the Contract Counterparty from the Security Agent that the Assigned Rights have been released and discharged in full; or
- (c) the discharge in full of Sadara's obligations under the Finance Documents.

### G. NOTICES AND ACKNOWLEDGMENTS OF ASSIGNMENT IN RELATION TO THE FEEDSTOCK SUPPLY AGREEMENTS

#### 1. THERE ARE SEVEN NOTICES IN RELATION TO THE KEY FEEDSTOCK SUPPLY AGREEMENTS, NAMELY:

- (a) a Notice of Assignment sent by Sadara to Saudi Aramco, pursuant to an Onshore Assignment Agreement with Sadara and the Onshore Security Agent, in relation to the EFSA between Saudi Aramco and Sadara;
- (b) a Notice of Assignment sent by Sadara to Saudi Aramco, pursuant to an Onshore Assignment Agreement with Sadara and the Onshore Security Agent, in relation to the NFSA between Saudi Aramco and Sadara;
- (c) a Notice of Assignment sent by Sadara to Saudi Aramco, pursuant to an Onshore Assignment Agreement with Sadara and the Onshore Security Agent, in relation to the SGSA between Saudi Aramco and Sadara;
- (d) a Notice of Assignment sent by Sadara to Saudi Aramco, pursuant to an Onshore Assignment Agreement with Sadara and the Onshore Security Agent, in relation to the TSFA between Saudi Aramco and Sadara;
- (e) a Notice of Assignment sent by Sadara to Saudi Aramco, pursuant to an Onshore Assignment Agreement with Sadara and the Onshore Security Agent, in relation to the BSFA between Saudi Aramco and Sadara; and
- (f) a Notice of Assignment sent by Sadara to Saudi Aramco, pursuant to an Onshore Assignment Agreement with Sadara and the Onshore Security Agent, in relation to the FOSA between Saudi Aramco and Sadara.

The notices in paragraphs (a) to (f) are each referred to herein as a **Notice**, the corresponding acknowledgment to the Notice by Saudi Aramco is referred to as the **Acknowledgement** and the agreements referred to in paragraphs (a) to (f) are each referred to as the **Assigned Agreement**.

Except as noted below, each Notice contains substantially the same provisions. A summary of the relevant clauses of the Notices is set out below.

#### 2. ASSIGNED RIGHTS

Sadara notifies Saudi Aramco in writing that it has irrevocably and unconditionally assigned all its present and future rights, title and interest, including all present and future monies and proceeds paid or payable to Sadara under the Feedstock Supply Agreement to the Onshore Security Agent.

#### 3. ACKNOWLEDGMENT AND CONSENT TO ASSIGNMENT

By signing the Acknowledgment, Saudi Aramco agrees to the terms set forth in the Notice. Further, Saudi Aramco acknowledges the notice of assignment and consents to the grant of the security created by the Onshore Assignment Agreement.

#### 4. BREACH OF THE FEEDSTOCK SUPPLY AGREEMENT

Saudi Aramco is required to notify the Onshore Security Agent if any **FSA Event** occurs in accordance with the Notice. In respect of the Notices for the Assigned Agreements, an **FSA Event** occurs when Saudi Aramco serves notice on Sadara pursuant to clause 11 (*Suspension of Deliveries and Termination*) of the Assigned Agreement or if there is any other suspension or termination of the Assigned Agreement arising by operation of law.

Saudi Aramco agrees that if an FSA Event has occurred and is continuing, it will not at any time prior to the Final Discharge Date, exercise any right it may have to terminate the Assigned Agreement without the prior written consent of the Onshore Security Agent.

Upon the occurrence of an FSA Event, the Onshore Security Agent (or its authorized designees or representatives) will have the right, but not the obligation, to cure or otherwise remedy any outstanding breach or default which has caused the FSA Event.

#### 5. RIGHTS OF STEP IN AND STEP OUT

Upon the occurrence and continuance of an FSA Event, the Onshore Security Agent may provide a Step-In Notice to Saudi Aramco, setting out a proposal to appoint an authorized designee or representative of the Onshore Security Agent (such person being a **Substitute Obligor**), including the identity of the proposed Substitute Obligor and the date on which that proposed Substitute Obligor is to be substituted for Sadara (the **Assumption Date**) under the Assigned Agreement.

With effect on and from the Assumption Date, Saudi Aramco recognizes the Substitute Obligor and Saudi Aramco will perform its obligations under the Assigned Agreement in favor of the Substitute Obligor. The Substitute Obligor will enjoy the same rights under the Assigned Agreement as if it had been a party at all times in place of Sadara.

Within 21 days of a Step In Notice, Saudi Aramco is required to provide the Onshore Security Agent with a statement of:

- (a) all amounts still due and payable by Sadara under the Assigned Agreement;
- (b) the nature and amount of any sum or monetary claim which is likely to or will become due from Sadara to Saudi Aramco under the Assigned Agreement within the 90 days following the date of such Step In Notice; and
- (c) all non-monetary obligations remaining unperformed by Sadara.

At any time following the Assumption Date the Substitute Obligor may give Saudi Aramco a Step-out notice terminating the Substitute Obligor's obligations under the Assigned Agreement as and from a date not earlier than 30 days after the Step-Out Notice.

#### 6. DISPOSAL TO A THIRD PARTY

If the Onshore Security Agent becomes entitled to exercise its rights to proceed with any disposal of Sadara's right, title and interest in the Assigned Agreement to a person (a **Proposed Purchaser**) acquiring the Sadara Complex (as a result of the exercise of any rights given to the Secured Parties in respect of the Sadara Complex, or as a result of the enforcement of any Security given in respect of Sadara's shares), the Onshore Security Agent may provide written notice (a **Proposed Substitution Notice**) to Saudi Aramco. The Proposed Substitution Notice will set out the identity of the Proposed Purchaser and the date of such disposal.

#### 7. SAUDI ARAMCO'S RIGHT TO OBJECT

Saudi Aramco will have the right to object to any proposed Substitute Obligor or Proposed Purchaser if such person does not meet the agreed applicable criteria. The Onshore Security Agent is required to provide Saudi Aramco with such information as may reasonably be required to assess whether the proposed Substitute Obligor or Proposed Purchaser merits the agreed applicable criteria. The grounds of such objection are determined by certain agreed applicable criteria and by the direction of the Government, specifically that the Government may object to the disposal for reasons of national security in or pertaining to The Kingdom. Saudi Aramco must express its objection within 10 Business Days of the proposed disposal, otherwise Saudi Aramco will be deemed to have no objection.

## 8. REPRESENTATIONS AND WARRANTIES

Saudi Aramco makes representations and warranties (which are subject to customary qualifications) in relation to the following:

- (a) its corporate status and authority to enter into and perform its obligations under the Notice and the Acknowledgment;
- (b) the legal, valid, binding and enforceable nature of the its obligations under the Notice and the Acknowledgment;
- (c) the absence of conflict between its execution, delivery and performance of the Notice and the Acknowledgment and Applicable Law, constitutional documents or any existing agreements to which it is a party;
- (d) the private and commercial nature of its execution of, and exercise of its rights and obligations under, the Notice and the Acknowledgment; and
- (e) immunity from suit in proceedings in relation to the Notice and the Acknowledgment.

## 9. GOVERNING LAW

The Notice is governed by the laws of The Kingdom.

## H. SUPPLEMENTAL COMMON TERMS AGREEMENT

### 1. PARTIES

The parties to the SCTA include, among others, Sadara, the Facility Agents (other than in respect of the Sukuk Facility, the Certificateholders Agent and the Issuer Security Agents), ECGD, FIEM, US Ex-Im, K-Exim and the Intercreditor Agent.

### 2. SUPPLEMENTAL CONDITIONS TO UTILISATION

#### 2 - 1 Initial Conditions Precedent

Subject to any initial condition precedent having been waived in accordance with the SCTA, Sadara may only deliver the first Utilisation Request once Sadara has satisfied the initial conditions precedent set out in the SCTA.

#### 2 - 2 Additional Conditions Precedents

In addition to the above initial conditions precedent, subject to any additional conditions precedent having been waived in accordance with the SCTA, certain additional conditions precedent (including the Debt-to-equity Ratio immediately following the making of the requested advance being no greater than 80:20) must be satisfied in relation to each Utilisation Request.

### 3. REPRESENTATIONS AND WARRANTIES

Sadara will make certain customary representations and warranties (with the exception of agreed disclosed items and subject to legal, materiality and similar qualifications) for the benefit of the Applicable Senior Financing Participants only (but not the Senior Financing Participants who make available the Sukuk Facility or the Bond Facility).

### 4. SUPPLEMENTAL COVENANTS

In addition to the common covenants set out in the GCTA, Sadara will also be subject to, *inter alia*, the following covenants for the benefit of the Applicable Senior Financing Participants only (but not the Senior Financing Participants who make available the Sukuk Facility or the Bond Facility):

- (a) to provide quarterly construction progress reports within 45 days of the end of each financial quarter, (such reports to be copied to the Technical and Environmental Consultant for information purposes only) prior to the Project Completion Date;
- (b) to provide: (i) semi annual operating reports in the agreed form between Sadara and the Intercreditor Agent (including with respect to environmental, social, major maintenance,



- production and marketing plan matters); and (ii) semi annual reports containing technical performance figures, in each case, after the Project Completion Date;
- (c) to deliver the operations phase Environmental and Social Management Plan by no later than 60 days prior to the commencement of operating activities for review by the Intercreditor Agent and make such changes as agreed with the Intercreditor Agent and Technical and Environmental Consultant prior to the commencement of such operating activities except to the extent any such change would cause Sadara or the Project to breach any Environmental Consent or Environmental and Social Law;
- (d) to comply with the Required Insurances; and
- (e) not to implement any material amendment to the Environmental and Social Management Plan without the prior written consent of the Intercreditor Agent (acting reasonably and in consultation with the Technical and Environmental Consultant), subject to certain exceptions.

## 5. SUPPLEMENTAL EVENTS OF DEFAULT

In addition to the events of default set out in the GCTA, Sadara will also be subject to, *inter alia*, the following events of default (subject to any qualifications as to materiality, reasonableness or material adverse effect and/or applicable grace periods or “cure” periods) for the benefit of the Applicable Senior Financing Participants only (but not the Senior Financing Participants who make available the Sukuk Facility or the Bond Facility):

- (a) unless capable of remedy within a specified period, any representation or warranty made by Sadara under any of the Finance Documents being untrue in any material respect when made or repeated;
- (b) unless capable of remedy within a specified period, where non-compliance with the environmental provisions results in a Material Environmental Incident; and
- (c) provision of any certification that is incorrect in any material respect by Sadara under or as required by any of the Finance Documents.

## 6. GOVERNING LAW

The SCTA and any non-contractual obligations arising out of or in connection with it are governed by English law.

## I. INITIAL SUKUK ISSUER SECURITY AGENCY AGREEMENT

### 1. PARTIES

The parties to the Initial Sukuk Issuer Security Agency Agreement include, the Issuer, the Initial Offshore Sukuk Issuer Security Agent, the Initial Onshore Sukuk Issuer Security Agent, the Initial Certificateholders’ Agent, the Initial Sukuk Payments Administrator and the Initial Onshore Sukuk Issuer Account Bank.

### 2. APPOINTMENT OF AGENTS

The purpose of the Initial Sukuk Issuer Security Agency Agreement is to appoint the Initial Sukuk Issuer Security Agents in their respective capacities. The Initial Sukuk Issuer Security Agency Agreement contains customary agency appointment provisions.

### 3. GOVERNING LAW

The Initial Sukuk Issuer Security Agency Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

## Summary of the Sukuk Transaction Documents

*The following are summaries of the principal Sukuk Transaction Documents. The following summaries are not intended to be full statements of the terms of the agreements referred to. Each summary should be read in conjunction with, and is qualified in its entirety by, the full form of the relevant agreement. The documents described herein are available for inspection in accordance with the section of this Prospectus entitled “General Information”.*

### MUSHARAKA AGREEMENT

The Musharaka Agreement will be dated on or before the Closing Date and entered into between the Issuer, Sadara, (in its personal capacity, in its capacity as a Partner in the Musharaka, and in its capacity as a Managing Partner for and on behalf of the Partners), the Musharaka Authorized Agent, the Onshore Issuer Security Agent, the Certificateholders’ Agent and the Intercreditor Agent. The Musharaka Agreement will govern the terms and conditions on which the Partners agree to enter into the Musharaka. The purpose of the Musharaka will be to earn profit from the application of the capital contributions of the Partners in accordance with the Business Plan.

#### *Capital Contributions:*

In relation to the capital contributions made by each of the Partners, the Issuer will pay the Contribution in cash by crediting a Project Account. Sadara will make an in-kind capital contribution by assigning to the Musharaka its rights, benefits and entitlements in and to the Contribution Assets, with a valuation agreed between the Partners of approximately SAR202.7 million.

The capital of the Musharaka, and all assets to which the Partners are expressed to be entitled in their capacity as such, acquired from or through the application of the capital contributions of the Partners to the Musharaka pursuant to the Business Plan and the Musharaka Agreement, will constitute Musharaka Assets.

As the Lease Assets will be the Issuer’s proportional interest in and entitlement to the Project Assets, in respect of the Forward Lease Agreement to be entered into by the Partners in relation to the Lease Assets, the Partners agree that the Issuer will be solely entitled to receive each payment of Advance Rental Payments, Rental Payments, Early Payment Amounts, Additional Early Payment Amounts, the Lessee Termination Sum, the Additional Lessee Termination Sum and / or the Total Loss Shortfall Amount (if any) and each payment of Delayed Delivery Compensation, the Issuer Procurement Termination Sum and the Additional Issuer Procurement Termination Sum (if any) and any and all other amounts expressed under the relevant Finance Documents to be received by it. The Managing Partner will not be entitled to receive any such amounts and will be entitled to receive only those sums expressly provided for in such Finance Documents.

No Partner may sell, assign, encumber, pledge, transfer or otherwise dispose of its Units or its interest in the Musharaka Assets (or any part thereof, including for the avoidance of doubt, the Project Assets or the Contribution Assets) except as contemplated by the Finance Documents, *provided that* in the case of Permitted Encumbrances, the Partners irrevocably agree and consent (to the extent required) to the creation of such Permitted Encumbrances. Without prejudice to the foregoing: (i) the Managing Partner shall not be permitted to sell, assign, transfer or otherwise dispose of the Contribution Assets (or any part thereof) other than to Sadara; and (ii) the Issuer shall not at any time be entitled to sell, assign, transfer or otherwise dispose of its entitlement to and interest in the Project Assets (or any part thereof, including the Lease Assets) otherwise than in accordance with the Finance Documents.

#### *Adjustment of Units:*

Each Partner’s interest in and entitlement to the Musharaka Assets will be represented by Units and consequently each Partner’s interest in and entitlement to the Musharaka Assets at any time will be in proportion to the number of Units held by it, relative to the aggregate of the Units held by the Partners.

The number of Units held by the Issuer (and consequently, the number of Units held by Sadara) will be adjusted automatically from time to time in proportion to the then applicable outstanding face amount of the Certificates so that, upon a redemption of the Certificates in full pursuant to the Conditions, all of the Issuer’s entitlement to Units will be reduced to zero and the Issuer will have no further rights and / or entitlements in and to the Musharaka Assets (which shall by virtue thereof automatically vest in Sadara without further formality).

Losses in respect of the Musharaka will be borne by each Partner rateably in accordance with the proportion which at the relevant time that Partner's Units bear to the aggregate of the Units of both the Partners.

***Business Plan:***

The Business Plan will be prepared by Sadara, who will represent and warrant that it has been prepared by it with due care and is fair and accurate in all material respects as at the date of the Musharaka Agreement. The Business Plan will consist of the following parts:

- (a) to apply the capital contribution of each Partner to provide finance for and procure the construction and delivery of the Project Assets;
- (b) for the Partners, as Co-Lessors, to lease the Lease Assets to Sadara, as Lessee, on a forward lease basis until the date of Delivery, and thereafter on a current basis, such that by the end of the lease term or upon any early termination of such lease, the Lessee will own the Lease Assets outright;
- (c) Sadara, as Managing Partner (for and on behalf of the Partners), will ensure that the part of the Project Assets which are not leased will otherwise be available for use by Sadara free of charge; and
- (d) the Issuer and the Managing Partner will take all steps necessary to ensure that the Contribution Assets are made available to the Managing Partner such that the Managing Partner has the sole and exclusive right to use such Contribution Assets for the purposes of developing, constructing and maintaining the Project, which in turn will allow the Project Assets to realize their maximum value.

***Management:***

The Managing Partner will carry out the management of the Musharaka. In consideration for agreeing to act, the Partners will pay the Managing Partner a fee of SAR10.

The Managing Partner's aim will be to realize the objectives of the Musharaka in accordance with the Business Plan and to provide certain services during the Musharaka Period, namely to:

- (a) make all filings relating to taxes as may be required by the DZIT or any other taxing authority in The Kingdom in respect of the Musharaka, and pay all Taxes as they fall due in respect of the Musharaka Assets to any relevant taxing authority and provide full evidence of such payments to the Partners;
- (b) prepare the Musharaka accounts (being the bookkeeping records in respect of the Musharaka for each Accounting Period);
- (c) obtain all necessary authorizations (if any) in connection with the establishment and activities of the Musharaka in accordance with the Finance Documents; and
- (d) carry out, and not omit to carry out, all other actions necessary for the proper implementation of the Business Plan.

In providing these services, the Managing Partner will act in accordance with all Applicable Laws and with the degree of skill and care that it would exercise in respect of its own assets.

The Managing Partner will undertake sole liability for all claims, losses, costs or expenditures incurred, suffered or resulting from its breach of the Musharaka Agreement, its negligence, bad faith or other misconduct.

The Partners and the Managing Partner authorize the Musharaka Authorized Agent to enter into the Procurement Agreement, the Forward Lease Agreement and the Service Agency Agreement on their behalf and in their name. The Musharaka Authorized Agent shall not be a partner of the Musharaka, nor shall it hold any rights or assets for the benefit of the Musharaka. The Musharaka Authorized Agent's role will be limited to executing the Procurement Agreement, the Forward Lease Agreement and the Service Agency Agreement for and on behalf of, and in the name of, the Partners and the Managing Partner. The Musharaka Authorized Agent shall have no liability under such documents. Each of the Partners and the Managing Partner agree that notwithstanding the appointment of the Musharaka Authorized Agent, they will be bound by the provisions of the Procurement Agreement, Forward Lease Agreement and Service Agency Agreement as if they had been a direct signatory to such agreements, in each case, in each of their relevant capacities.

*Distribution of Profit and Musharaka Assets:*

Any Distributable Musharaka Profit will be distributed between the Partners on each Periodic Distribution Date by the Managing Partner with 99% going to Sadara and 1% to the Issuer (subject to the condition that all payments from Sadara to or for the benefit of the Issuer under the Finance Documents due on the relevant date have been made in full in accordance with the provisions of the applicable Finance Document).

The Musharaka will commence on the date of the Musharaka Agreement and end on the seventeenth (17th) anniversary of the date of the Musharaka Agreement (the **Musharaka End Date**). The Musharaka will only terminate or be dissolved prior to the Musharaka End Date on redemption of the Certificates in full pursuant to the Conditions (or otherwise upon termination of the Forward Lease Agreement and / or Procurement Agreement (in the case of the Procurement Agreement, prior to Delivery)) or by operation of law or a direction of a court of competent jurisdiction. Except in the case of the redemption of all Certificates in full prior to the Musharaka End Date, the Musharaka will be wound up and the Musharaka Assets will be distributed to Sadara without further formality on the Musharaka End Date. If the Musharaka is terminated in accordance with the Conditions (or otherwise upon termination of the Forward Lease Agreement and / or Procurement Agreement (in the case of the Procurement Agreement, prior to Delivery)) prior to the Musharaka End Date, subject to the receipt by the Issuer of the relevant termination sum payable pursuant to the Forward Lease Agreement, the Procurement Agreement or the Service Agency Agreement (as the case may be), the remaining Musharaka Assets will automatically be vested in Sadara without further formality and, subject to the Finance Documents, Sadara shall have no further liability to the Issuer (in any capacity). If the Musharaka is terminated or dissolved by operation of law, or by a direction of a court of competent jurisdiction, the Musharaka Assets in existence on such date will automatically be vested in the Partners in proportion to the number of Units then held by each Partner without further formality.

*Governing Law and Jurisdiction:*

The Musharaka Agreement will be governed and construed in accordance with the laws and regulations of The Kingdom.

**PROCUREMENT AGREEMENT**

The Procurement Agreement will be dated on or before the Closing Date and made between the Musharaka Authorized Agent (as authorized agent for and on behalf of the Managing Partner and the Partners), the Issuer, Sadara (in its capacity as the Procurement Contractor), the Onshore Issuer Security Agent, the Certificateholders' Agent and the Intercreditor Agent. The Procurement Agreement will set out the terms and conditions upon which the Procurement Contractor will act as an independent contractor to procure the construction and delivery of the Project Assets.

*The Procurement Contractor:*

Under the Procurement Agreement, the Managing Partner will appoint the Procurement Contractor and pay to it an amount equal to the Contribution (less the deduction permitted to be made in accordance with clause 2.5 of the Musharaka Agreement) in cash on the Closing Date. In consideration for that sum, the Procurement Contractor will undertake to procure the construction and delivery of the Project Assets to the Managing Partner by no later than the Target Completion Date and in accordance with the terms of the Procurement Agreement. The Procurement Contractor may enter into one or more construction contracts with one or more third party contractors from time to time in order to enable it to fulfill its obligation to deliver the Project Assets under the Procurement Agreement.

*Maximum Cost and Payment:*

The maximum aggregate amount to be paid by the Managing Partner to, or to the order of, the Procurement Contractor for construction and delivery of the Project Assets will not exceed an amount equal to the Contribution and neither the Issuer nor the Managing Partner will be under any obligation under the Procurement Agreement to pay an amount in excess of this figure.

### *Project Assets:*

To the extent any title and / or ownership rights in the Project Assets pass from any relevant contractors prior to Delivery, the Procurement Contractor remains owner of such rights until Delivery and, accordingly, will assume all risks relating to ownership of the Project Assets (including third party liability) until Delivery.

### *Delivery of the Project Assets:*

The Procurement Contractor will undertake to supply and deliver, or procure the supply and delivery of, the Project Assets to the Managing Partner in accordance with the terms of the Procurement Agreement on the Payment Date immediately following completion of the Project Assets under the terms of the relevant construction contracts (**Delivery**) but, in any event, by no later than the Target Completion Date. If the First Repayment Date is not expected to occur on the Payment Date immediately following the expected date of Delivery, the Procurement Contractor will promptly notify the other parties and Delivery will be deemed not to occur until 15 June or 15 December (as applicable) immediately preceding the First Repayment Date. Partial delivery of Project Assets is not permitted.

Upon Delivery, the Procurement Contractor will be responsible for ensuring that the Project Assets:

- (a) comply with the agreed technical specifications (as set out in the Procurement Agreement);
- (b) are in good condition and satisfactory for the purposes contemplated by the Forward Lease Agreement; and
- (c) not be subject to any Encumbrance (other than Permitted Encumbrances).

The Procurement Contractor will be obliged to, at its own expense, take any action necessary to effect transfer of the Project Assets (in accordance with the Procurement Agreement) as may reasonably be requested by the Managing Partner. The Managing Partner will, subject to the terms of the Procurement Agreement, be entitled to the possession of the Project Assets at its request to hold in accordance with the Musharaka Agreement.

If Delivery does not occur or has not been deemed to occur on or prior to the Target Completion Date, the Procurement Contractor will be obliged to pay (in arrear) Delayed Delivery Compensation in respect of each Delay Period to the Issuer. **Delayed Delivery Compensation** means, in respect of each Delay Period, the aggregate of:

- (a) the product of: (i) the applicable SAIBOR rate (being that determined in accordance with Condition 6.2 (*SAIBOR Determination*)) for the Return Accumulation Period which corresponds to such Delay Period, plus the Sukuk Margin; (ii) the number of days in that Delay Period divided by 360; and (iii) the aggregate face amount of the Certificates outstanding on the first day of that Delay Period (taking into account: (A) any cancellations of Certificates; and (B) any Fixed Compensation Payment and / or Early Payment Amount, in each case to be effected or paid on such day); and
- (b) the relevant Fixed Compensation Payment (as set out in the Procurement Agreement).

On the applicable due date for payment (which in the case of an Early Payment Amount shall be an Advance Rental Payment Date) the Procurement Contractor shall also make any payment of any Early Payment Amounts and any and all other amounts whatsoever due and payable to the Issuer under the Procurement Agreement. Any Fixed Compensation Payment component of Delayed Delivery Compensation and / or any Early Payment Amount payable shall represent a partial refund of the Contribution (which for such purposes shall be exclusive of any deduction made in accordance with clause 2.5 of the Musharaka Agreement) by or on behalf of the Procurement Contractor.

### *Termination:*

The Procurement Agreement will terminate automatically on the date of Delivery, with the following exceptions:

- (a) on or following the Enforcement Action Date, the Issuer (or the Intercreditor Agent acting pursuant to the Intercreditor Agreement) may terminate the Procurement Agreement by notice to the other parties (subject to the terms of the Intercreditor Agreement and the applicable provisions of the Finance Documents). In addition, the Procurement Agreement will terminate automatically upon the Certificates becoming immediately due and payable under Condition 12 (*Termination Event*) prior to the date of Delivery.

- (b) if, prior to the date of Delivery, the Forward Lease Agreement is terminated pursuant to any of clauses 12.2 (*Termination*) to 12.5 (*Termination*) (inclusive) and clause 12.7 (*Termination*) of the Forward Lease Agreement (being the relevant circumstances described in paragraphs (a) to (d) and the second sentence in the paragraph after paragraph (d) under “*Forward Lease Agreement*” below under *Termination*), the Procurement Agreement will also terminate; and
- (c) the Procurement Contractor will not otherwise be entitled to terminate the Procurement Agreement prior to the date of Delivery except with the agreement of the Managing Partner, the Partners, the Certificateholders’ Agent, the Onshore Issuer Security Agent and the Intercreditor Agent.

Under the provisions of the Procurement Agreement, should notice of termination be given as envisaged under paragraphs (a), (b) and (c) above, the Procurement Contractor will, on the date of termination of the Procurement Agreement, pay:

- (i) subject to and in accordance with the applicable terms of the Finance Documents, the Issuer Procurement Termination Sum to the Issuer; and
- (ii) the Managing Partner Procurement Termination Sum to the Managing Partner,

in each case subject to certain provisos. If the Procurement Contractor fails to pay all or any part of the Issuer Procurement Termination Sum to the Issuer on the due date for payment, the Procurement Agreement will not be terminated and such amount will remain immediately due and payable and, in addition, the Procurement Contractor shall irrevocably and unconditionally pay the Additional Issuer Procurement Termination Sum which shall accrue on a daily basis in accordance with the terms of the Procurement Agreement from the due date to but excluding the date the overdue Issuer Procurement Termination Sum is paid in full to the Transaction Account of the Issuer. The Additional Issuer Procurement Termination Sum will not include any compensation for any accrued but unpaid Periodic Distribution Amounts in respect of the Certificates.

#### *Governing Law and Jurisdiction:*

The Procurement Agreement will be governed and construed in accordance with the laws and regulations of The Kingdom.

## **FORWARD LEASE AGREEMENT**

The Forward Lease Agreement will be dated on or before the Closing Date and made between the Musharaka Authorized Agent (as authorized agent for and on behalf of the Co-Lessors), the Issuer, Sadara (as the Lessee), the Onshore Issuer Security Agent, the Certificateholders’ Agent and the Intercreditor Agent.

Under the Forward Lease Agreement, the Co-Lessors will agree to lease the Lease Assets to the Lessee.

The Lessee will agree to accept the Lease Assets on lease and will confirm that the Lease Assets are to its satisfaction and suitable for its purposes. In light of the Lessee’s approval of the Lease Assets (and the express acknowledgment given by the Lessee within the Forward Lease Agreement that the Lease Assets are specifically required and approved by it for the purposes of the Project and will be obtained by the Co-Lessors at the request of the Lessee), the Co-Lessors will expressly disclaim and make no representation or warranty (either express or implied) as to, *inter alia*, the Lease Assets, their title to those assets and the condition of those assets within the agreement.

#### *Rental:*

In consideration for the lease of Lease Assets, the Lessee will agree to make Advance Rental Payments, and following the Lease Commencement Date (being the date of Delivery), Rental Payments, to the Issuer by payment into the Transaction Account. The Lessee will also pay an amount equal to any Early Payment Amounts, and any and all other amounts whatsoever due and payable to the Issuer under the Forward Lease Agreement, with such Early Payment Amounts so paid constituting a *pro rata* early payment of Fixed Rental Payments by the Lessee. On each payment by the Lessee of the Fixed Rental Payments and any Early Payment Amounts, the Lessee shall acquire a proportionate undivided ownership interest in the Lease Assets with the eventual transfer thereof to be made in accordance with clauses 11 or 12 of the Forward Lease Agreement (as applicable). In relation to both types of rental payment, the Issuer (in its capacity as Co-Lessor) or the Payments Administrator on its behalf (where requested to do so by the Issuer pursuant to the Payments Administration Agreement) will be obliged to provide the Lessee with rental payment notices (an Advance Rental Notice and a Rental Payment Notice, respectively), notifying the Lessee of the amount due in relation to the Advance Rental Period or the Lease Period (as applicable) and the date on which it is payable.



The Managing Partner will be appointed as a Co-Lessor under the terms of the Forward Lease Agreement to, *inter alia*, assist with the administration of the arrangements contemplated under the Forward Lease Agreement but it will not receive any remuneration for performing such role nor have any entitlement for its own account to any payments (including Advance Rental Payments, Rental Payments, Early Payment Amounts, Additional Early Payment Amounts, any Lessee Termination Sum and / or Additional Lessee Termination Sum and / or Total Loss Shortfall Amount) arising under the Forward Lease Agreement.

***Maintenance, Repair, Alterations and Disposal:***

Under the Forward Lease Agreement, the Managing Partner, on behalf of the Co-Lessors will be made responsible for:

- (a) carrying out all Major Maintenance at its own cost;
- (b) obtaining and maintaining the Insurances at its own cost; and
- (c) settling any Ownership Taxes.

However, under the Service Agency Agreement, the Managing Partner employs the Service Contractor to carry out all of the above tasks, and this is acknowledged by the Lessee in this agreement.

Routine Maintenance required in respect of the Lease Assets will be the responsibility of the Lessee, and it will bear the cost of such Routine Maintenance. Despite this, the Forward Lease Agreement will provide that, in performing Routine Maintenance, the Lessee must still, *inter alia*, comply with Good Industry Practice; maintain standards and procedures one would generally expect from a prudent company carrying on a similar business to that of the Lessee; and keep the Lease Assets in good and serviceable repair and condition, fair wear and tear excepted.

The Lessee will be permitted at its own expense to make, *inter alia*, additions, improvements or alterations to the Lease Assets, but only if such changes do not cause the Lessee to be in breach of any provision of the Finance Documents. Moreover, if any changes are made in breach of the Forward Lease Agreement and if the Co-Lessors should require it, the Lessee shall be required to reinstate the Lease Assets to their original state at the Lessee's own expense.

The Lessee will be prevented from selling, assigning, sub letting or parting with possession of the Lease Assets (or any interest therein) except as permitted or contemplated under the Finance Documents and will be prohibited from creating and allowing to be created any Encumbrance (other than any Permitted Encumbrances) over the Lease Assets.

***Termination:***

The Forward Lease Agreement will terminate automatically on the Scheduled Lease Termination Date (subject to the Lessee complying with all its payment obligations under the Forward Lease Agreement in full), and on such date, the Co-Lessors will agree to sell to the Lessee all of the Issuer's (as a Co-Lessor) ownership interests in, to and under, the Lease Assets. The Forward Lease Agreement may otherwise be terminated:

- (a) by the Issuer, on and following the Enforcement Action Date (subject to the terms of the Intercreditor Agreement); and / or
- (b) if Sadara becomes obliged to make an early repayment of the Sukuk Facility in the following circumstances:
  - (i) pursuant to clause 10.9(b) (*Mandatory Prepayment – Total Loss Event*) of the GCTA; or
  - (ii) pursuant to clause 10.8 (*Mandatory Prepayment – Initial Sukuk Facility*) of the GCTA; and/or
- (c) if Sadara elects to make an early repayment in accordance with clause 10.9(a) (*Mandatory Prepayment – Total Loss Event*) of the GCTA,

in which case the Lessee shall or Issuer (on behalf of the Co-Lessor) may, on the date on which such payment is due, subject to the terms of the Finance Documents, terminate the Forward Lease Agreement by notice to the other parties (subject to certain other obligations).

The Lessee will also have the right to terminate the Forward Lease Agreement (subject to certain other provisions):

- (i) following the occurrence of a Tax Event;
- (ii) on or after the fifth (5<sup>th</sup>) anniversary of the Closing Date; or
- (iii) following the occurrence of an Enforcement Event.

The Forward Lease Agreement shall terminate automatically upon cancellation by the Issuer of all (but not some) of the Certificates outstanding following receipt of a Cancellation Notice in accordance with the Conditions and the Declaration of Agency. In addition, the Forward Lease Agreement shall terminate automatically upon the termination of the Procurement Agreement pursuant to clause 7.2 (*Termination*) of the Procurement Agreement (whereby the Certificates have become immediately due and payable pursuant to Condition 12 (*Termination Event*)).

Save as set out above, the Lessee will not otherwise be entitled to terminate the Forward Lease Agreement except with the agreement of the other parties thereto.

Where early termination of the Forward Lease Agreement is to occur prior to the Lease Commencement Date, the Managing Partner will be obliged to pay (or otherwise discharge the obligation to make such payment) the Lessor Termination Sum to the Lessee (as set off against the Managing Partner Procurement Termination Sum).

Where early termination of the Forward Lease Agreement is to occur on or after the Lease Commencement Date, the Lessee will (save in the case where there has been a Total Loss Event in respect of the Lease Assets, for which see below) be obliged to pay the Lessee Termination Sum for the account of the Issuer. If the Lessee fails to pay the full Lessee Termination Sum when due, the Forward Lease Agreement will not be terminated and, the Lessee will be obliged irrevocably, unconditionally and automatically to continue to lease the Lease Assets and pay to the Issuer, in addition to the due but unpaid Lessee Termination Sum, the Additional Lessee Termination Sum which shall accrue on a daily basis in accordance with the terms of the Forward Lease Agreement from the due date to, but excluding, the date the Lessee Termination Sum is paid in full to the Transaction Account of the Issuer. The Additional Lessee Termination Sum will not include any compensation for any proportion of the overdue amount described in paragraph (a) of the definition of Lessee Termination Sum which represents the sum required to be paid under paragraph (a) of the definition of Rental Payment.

Following the occurrence of a Total Loss Event, the lease of the Lease Assets shall terminate and, in certain circumstances as further described in the Forward Lease Agreement, the Lessee may be required to pay the proceeds of Insurances (if any) and any Total Loss Shortfall Amount to the Transaction Account of the Issuer within a prescribed period as further described therein.

For a further discussion of the termination provisions under the Forward Lease Agreement, please see the sections of this Prospectus entitled “*Structure Diagram and Cashflows – Early Termination following the Lease Commencement Date – Redemption of the Certificates on the Scheduled Termination Date – Redemption of the Certificates prior to the Scheduled Termination Date*”.

#### *Governing Law and Jurisdiction:*

The Forward Lease Agreement will be governed and construed in accordance with the laws and regulations of The Kingdom.

## **SERVICE AGENCY AGREEMENT**

The Service Agency Agreement will be dated on or before the Closing Date and made between, among others, the Musharaka Authorized Agent (as authorized agent for and on behalf of the Co-Lessors), the Issuer, Sadara (in its capacity as Service Contractor) the Onshore Issuer Security Agent, the Certificateholders’ Agent and the Intercreditor Agent.

By virtue of the Service Agency Agreement, the Managing Partner (on behalf of the Co-Lessors) will appoint Sadara (in its capacity as an independent service contractor) as the Service Contractor, and the Service Contractor will agree to act as an independent service contractor for the Co-Lessors to perform and discharge the Services during the Contract Term. The Service Contractor will receive a one time fee from the Managing Partner of SAR10 as consideration for so acting.

The Service Contractor will be permitted to delegate its responsibilities under the Service Agency Agreement to an appropriately qualified third party *provided that*, in each case, it will remain liable for the Services.

*Contract Term:*

The contract term will begin on the Lease Commencement Date (under the Forward Lease Agreement) and continue until further notice is given by the Co-Lessors and, in any event, for so long as monies are or may become payable under the Forward Lease Agreement (the **Contract Term**).

*The Services:*

The Services will mirror the responsibilities of the Managing Partner under the Forward Lease Agreement. Specifically, they will include performance of the following tasks:

- (a) Major Maintenance;
- (b) obtaining and maintaining adequate insurances in respect of the Lease Assets (in an amount not less than the Full Reinstatement Value); and
- (c) settling any Ownership Taxes that may be assessed.

In carrying out or procuring any Major Maintenance, the Service Contractor will be obliged to alter, maintain and repair the Lease Assets in accordance with Good Industry Practice.

In addition to obtaining and maintaining the Insurances (or any other insurances obtained pursuant to the Service Agency Agreement), the Service Contractor will also be responsible for ensuring claims are made on the relevant insurance policies where appropriate. Subject to the Intercreditor Documents and the GCTA: (i) in the event of a Partial Loss, the resulting proceeds (if any) will be applied in accordance with the terms of the relevant policies; and (ii) in the event of a Total Loss Event, the Service Contractor will ensure that a claim in respect of that event is made promptly and that the resulting proceeds (if any) of the claim are paid to the Transaction Account for the account of the Issuer as Co-Lessor. The Service Contractor undertakes that in accordance with clause 6.2 (*Losses to the Lease Assets and Proceeds*) of the Service Agency Agreement, where the occurrence of such Total Loss Shortfall Amount is due to a breach by the Service Contractor of its obligation to maintain insurances pursuant to paragraph (b) above, it shall promptly (but in any event within 60 days from the occurrence of the Total Loss Event) pay to the Transaction Account for the account of the Issuer as Co-Lessor in same day funds any Total Loss Shortfall Amount and will fully indemnify the Issuer on demand in respect of such Total Loss Shortfall Amount.

In relation to Ownership Taxes, the Service Contractor will promptly file the necessary reports and returns relating to, or in connection with such Ownership Taxes and settle such Ownership Taxes promptly.

*Service Charges:*

The Service Contractor will be responsible for paying all Service Charges. On specified dates, the Service Contractor will submit invoices for each Service Charge incurred or paid by it in the relevant period to the Managing Partner. The Managing Partner will then be required to reimburse the Service Contractor each Service Charge in respect of which an invoice has been provided to the Managing Partner on behalf of the Co-Lessors on or prior to the relevant Service Charges Invoice Date.

*Termination:*

If the Service Contractor fails to comply with any of its material obligations (including, but not limited to, the obligation to pay any Total Loss Shortfall Amount or any part thereof), the Service Agency Agreement will be breached. At any time after breach (subject to the terms of the Finance Documents) the Issuer on behalf of the Co-Lessors may terminate the Service Agency Agreement by serving a written termination notice on the Service Contractor.

The Service Agency Agreement will also terminate automatically if the Forward Lease Agreement is terminated. The Service Contractor will have no right to terminate the agreement prior to the termination of the Forward Lease Agreement.

*Governing Law and Jurisdiction:*

The Service Agency Agreement will be governed and construed in accordance with the laws and regulations of The Kingdom.

**ISSUER SECURITY DOCUMENTS**

Pursuant to the Issuer Security Documents, the Issuer has granted security over its assets, as security *inter alia* for its obligations to make payments under the Certificates, as follows:

- (a) under the Offshore Issuer Charge and Assignment Deed (governed by English law and subject to the jurisdiction of the courts of England): (i) an assignment by way of security (and to the extent not otherwise validly assigned, a first ranking floating charge) of its present and future rights, title and interest in and to: the Finance Documents to which it is a party or under which it has rights and which are themselves governed by English law including the GCTA, the Intercreditor Agreement and the Completion Guarantees, each granted to the Offshore Issuer Security Agent as agent for the Issuer Secured Parties;
- (b) under the Onshore Issuer Security over Accounts Agreement (governed by the laws of The Kingdom and subject to the jurisdiction of the Committee for the Resolution of Securities Disputes and the Appeal Panel) or if applicable, the competent court: (i) an assignment by way of security of the Transaction Account and all balances thereof from time to time; and (ii) to the extent not effectively assigned, a pledge of the Transaction Account and all balances thereof from time to time, granted to the Onshore Issuer Security Agent as agent for the Issuer Secured Parties; and
- (c) under the Onshore Issuer Assignment Agreement, (governed by the laws of The Kingdom and subject to the jurisdiction of the Committee for the Resolution of Securities Disputes and the Appeal Panel or if applicable, the competent court), an assignment by way of security of its present and future rights, title and interest, in and to the Finance Documents to which it is a party or under which it has rights and which are themselves governed by the laws of The Kingdom, granted to the Onshore Issuer Security Agent as agent for the Issuer Secured Parties.

Each of the foregoing security interests are granted to the respective Issuer Security Agent as agent for the Issuer Secured Parties, and are enforceable on and following the Enforcement Action Date.

The proceeds of any enforcement, which are likely principally to consist of recoveries received by the Issuer as a Secured Party pursuant to the enforcement of the 'Sadara-level' Security Documents against Sadara by the Security Agents at the direction of the Intercreditor Agent, and the application of the proceeds thereof through the Post-enforcement Payment Priorities under the Intercreditor Agreement, will be passed on to the Certificateholders and the other Issuer Secured Parties pursuant to the order of priority of payments set out in Condition 4.2 (*Application of Proceeds from the Sukuk Assets*).

**PAYMENTS ADMINISTRATION AGREEMENT**

The Payments Administration Agreement will be dated on or before the Closing Date and made between the Issuer, Sadara, the Certificateholders' Agent, the Onshore Issuer Security Agent, the Payments Administrator, the Offshore Issuer Security Agent, the Onshore Issuer Account Bank and the Intercreditor Agent. The Payments Administrator will set out certain arrangements made between the parties thereto in relation to the Certificates.

*Appointment:*

Under the Payments Administration Agreement, (a) HSBC Saudi Arabia Limited will be appointed as payments administrator in respect of the Certificates and (b) Samba Financial Group will be appointed as account bank in respect of the Transaction Account.

*Delivery of Certificates:*

The Payments Administrator will be given the authority and instructed to authenticate the Global Certificate and deposit the authenticated Global Certificate with the Certificateholders' Agent.

### *Onshore Issuer Account Bank, Transaction Account and Payments Administrator Designated Account*

The Issuer has opened the Transaction Account with the Onshore Issuer Account Bank.

All amounts to be paid to the Issuer by or on behalf of Sadara, or any other party under the Finance Documents, will be paid into the Transaction Account on the date on which they are due for payment under and in accordance with any of the Finance Documents by the relevant party. In addition, the Share Capital Amount is held on deposit in the Transaction Account. The Issuer has agreed that it will not, so long as any Certificate is outstanding or any Secured Amount remains undischarged in full and save as required by any Applicable Law, instruct the Onshore Issuer Account Bank to withdraw or transfer (in whole or in part) any of the Share Capital Amount from the Transaction Account.

The Payments Administrator will open the Payments Administrator Designated Account with itself, and in its own name.

The Issuer will instruct the Onshore Issuer Account Bank to transfer, and the Onshore Issuer Account Bank will agree that it will transfer on the Business Day in The Kingdom preceding each Periodic Distribution Date or Termination Date falling prior to the Enforcement Action Date, the lesser of (a) all sums (other than a sum equal to the Share Capital Amount) standing on deposit in the Transaction Account and (b) the amount necessary to make payments with same day value, to the Payments Administrator Designated Account.

#### *Payments:*

On each Periodic Distribution Date and any Termination Date (in each case prior to the Enforcement Action Date), it will be the Payments Administrator's role to (as instructed by the Issuer) apply any money standing to the credit of the Payments Administrator Designated Account in the following order of priority:

- (a) *first*, to the extent not previously paid, *pari passu* and rateably to each Service Provider and each entity referred to in clause 2.5 of the Costs Undertaking to which the Issuer is liable to make payment, in each case in respect of the amounts owing to each of them under the Finance Documents or otherwise in their respective capacities;
- (b) *second*, to the extent not previously paid, *pari passu* and rateably to each Third Party to which the Issuer is liable to make payment, in each case in respect of the amounts owing to each of them under the Finance Documents or otherwise in their respective capacities;
- (c) *third*, on a Periodic Distribution Date, for application in or towards payment *pari passu* and rateably of the Periodic Distribution Amount then due;
- (d) *fourth*, on a Periodic Distribution Date, for application in or towards payment *pari passu* and rateably of the Fixed Distribution Amounts, Early Distribution Amounts (if any) and / or any and all amounts payable under or in connection with the Certificates which are not otherwise referred to in paragraphs (a), (b) or (c) above or (e) below (if any) then due;
- (e) *fifth*, on a Termination Date, for application in or towards payment *pari passu* and rateably of the applicable Termination Distribution Amount, the Additional Early Payment Amount (if any) and, where applicable, any Additional Termination Distribution Amount; and
- (f) *sixth*, on each Periodic Distribution Date and on any Termination Distribution Date, subject to the by-laws of the Issuer and the laws of The Kingdom, for the transfer of any remaining amounts on deposit to the Onshore Revenues Account.

Each of the Issuer, the Certificateholders' Agent and the Certificateholders agrees and confirms that a transfer to the Onshore Revenues Account under (f) above, unless constituting a return of an unintentional overpayment or a mistaken payment of monies to the Issuer by Sadara, is made in consideration for the agreement by Sadara to participate in the transaction contemplated under the Finance Documents.

On any other date on which the amounts specified in paragraph (a) above become due and payable (in each case prior to the Enforcement Action Date) they shall be paid, in accordance with the order of priority set out above, by the Onshore Issuer Account Bank from the sums (other than the Share Capital Amount) standing to the credit of the Transaction Account (without, for the avoidance of doubt, any transfer to the Payments Administrator Designated Account in accordance with the terms of clause 5.2 (*Accounts and Payments*) of the Payments Administration Agreement).

On and following the Enforcement Action Date, unless on such date the Certificates have not become due

and payable in full under Condition 12 (*Termination Event*) (in which case the priorities listed in paragraphs (a) to (f) above shall continue to apply until the Certificates have become due and payable), the Issuer Security Agents (or the Payments Administrator at their direction) shall apply all amounts on deposit in the Transaction Account (other than a sum equal to the Share Capital Amount) and the Payments Administrator Designated Account and all monies received by them pursuant to or in connection with the enforcement of the Issuer Security Documents (other than a sum equal to the Share Capital Amount) as follows:

- (a) *first*, to the extent not previously paid, *pari passu* and rateably to each Service Provider and each entity referred to in clause 2.5 of the Costs Undertaking to which the Issuer is liable to make a payment, in each case in respect of the amounts owing to each of them under the Finance Documents or otherwise in their respective capacities;
- (b) *second*, to the extent not previously paid, *pari passu* and rateably to each Third Party to which the Issuer is liable to make payment in each case in respect of the amounts owing to each of them under the Finance Documents or otherwise in their respective capacities;
- (c) *third*, for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid;
- (d) *fourth*, for application in or towards the payment *pari passu* and rateably (to the extent not paid under paragraph (b) above) of the applicable Termination Distribution Amount, Additional Early Payment Amount (if any) and, where applicable, any Additional Termination Distribution Amount due but unpaid and / or any and all amounts payable under or in connection with the Certificates which are not otherwise referred to in paragraph (a), (b) or (c) above (if any); and
- (e) *fifth*, subject to the by-laws of the Issuer and the laws of The Kingdom, for transfer of any remaining amounts on deposit to the Onshore Revenues Account.

Each of the Issuer and the Certificateholders' Agent and the Certificateholders agrees and confirms that a transfer to the Onshore Revenues Account under (e) above, unless constituting a return of an unintentional overpayment or a mistaken payment of monies to the Issuer by Sadara, is made in consideration for the agreement by Sadara to participate in the transaction contemplated under the Finance Documents.

If the Issuer is, in respect of any payment, compelled to withhold or deduct any amount for or on account of any Taxes as contemplated by Condition 10 (*Taxation*), the Issuer will give notice to the Payments Administrator and the Certificateholders' Agent as soon as it becomes aware of the requirement to make the withholding or deduction and will give to the Payments Administrator such information as it will require to enable it to comply with the requirement.

#### *Copies of Documents Available for Inspection:*

The Certificateholders' Agent will be obligated to hold the following documents (provided by the Issuer and Sadara) available for inspection by prospective Certificateholders, for 20 days before the Closing Date and thereafter for so long as any amounts remain owing under the Certificates, by Certificateholders at the Specified Office of the Certificateholders' Agent (HSBC Saudi Arabia Limited, HSBC Head Office, Olaya Road, Al-Murooj District, P.O. Box 9084, Riyadh 11413, The Kingdom) during normal business hours on any weekday (excluding Thursdays, Fridays and public holidays): (i) the constitutional documents of the Issuer and Sadara; (ii) the most recently prepared annual and interim financial statements of the Issuer and Sadara together with the audit report thereon; (iii) this Prospectus; (iv) certain of the Finance Documents (not including the Subscription Agreement); and (v) certain other documents related to the Project. The full list of the documents available for inspection is set out in the section of this Prospectus entitled "*General Information*".

#### *Termination of Appointment:*

So long as any Certificates are outstanding, there will at all times be a Payments Administrator. Subject to that proviso, the termination of appointment of the Payments Administrator will be possible in the following circumstances:

- (a) by the Issuer, with the prior written approval of the Certificateholders' Agent, the Issuer may, at any time by giving at least 90 days' prior written notice to that effect to the Payments Administrator, *provided that* if any Certificates remain outstanding the notice will not expire less than 45 days before any Periodic Distribution Date or the Termination Date and at least



- 30 days notice must be given to Certificateholders of such removal; and
- (b) where the Payments Administrator becomes incapable of acting (including, but not limited to, entering into bankruptcy/administration/liquidation proceedings).

It will also be possible for the Payments Administrator to resign by giving at least 90 days' prior written notice to that effect to the Issuer provided that so long as Certificates outstanding and the notice will not expire less than 45 days before any Periodic Distribution Date or the Termination Date. In addition, the Issuer will be able to appoint an additional agent. Notwithstanding the foregoing, no termination or resignation will be effective until a replacement payments administrator has been appointed.

*Governing Law and Jurisdiction:*

The Payments Administration Agreement will be governed and construed in accordance with the laws of The Kingdom.

**COSTS UNDERTAKING:**

The Costs Undertaking will be dated on or before the Closing Date and given by Sadara, acting in its personal capacity, and on a voluntary basis in favor of the Issuer.

By virtue of the Costs Undertaking, Sadara will undertake to pay (without double counting any such amounts already paid by Sadara) to and for the benefit of the Issuer or as it may direct (in the case of Taxes, to the extent that the Issuer does not have Excess Cash in the Transaction Account), on demand, as and when the same falls due, an amount equal to any and all fees, costs, expenses, Taxes, claims and indemnity payments due to be paid by the Issuer to a Service Provider or Third Party under any Finance Document or Relevant Agreement respectively.

In addition, Sadara will undertake that, should the Issuer become obliged to pay additional amounts pursuant to Condition 10 (*Taxation*) (as the same may be amended pursuant to the Declaration of Agency), it will irrevocably and unconditionally undertake, to the extent that the Issuer does not have Excess Cash in the Transaction Account, to pay amounts due under or fails to comply with any obligation to pay additional amounts pursuant to Condition 10 (*Taxation*), to pay to the Certificateholders' Agent for the account of the Certificateholders an amount equal to the liability of the Issuer in respect of any and all additional amounts required to be paid by it under that Condition.

Further, Sadara irrevocably and unconditionally undertakes, to and for the benefit of the Issuer, that it will pay (without double counting any such amounts already paid by Sadara in any capacity) to, or to the order of the Issuer, to the extent (in relation to Taxes only) that the Issuer does not have Excess Cash in the Transaction Account, on demand, an amount equal to any and all other fees, costs, expenses, Taxes, claims and indemnity payments due to be paid by the Issuer to any other party (including any Service Provider or Third Party) under any Finance Document.

All such payments shall be made without withholding or deduction for or on account of Tax unless such withholding or deduction is required by Applicable Law, and without set-off of or counterclaim of any kind. In the event there is any such deduction or withholding, Sadara will be obliged to pay additional amounts such as to ensure the receipt by the Issuer or any other recipient of the payment of such net amount as would have been received by it if no such deduction or withholding had been made.

*Governing Law and Jurisdiction:*

The Costs Undertaking will be governed and construed in accordance with the laws of The Kingdom.

**DECLARATION OF AGENCY**

The Declaration of Agency will be dated on or before the Closing Date and made between the Issuer, Sadara, the Certificateholders' Agent, the Onshore Issuer Security Agent, the Offshore Issuer Security Agent and the Intercreditor Agent.

*Appointment:*

By virtue of the Declaration of Agency, each Certificateholder, by subscribing for, acquiring or holding the

Certificates, will be deemed: (i) to have appointed (having had full capacity, powers and authority to so appoint) the Certificateholders' Agent as its agent with the powers and duties specified in the Declaration of Agency and the Conditions; (ii) to have appointed the Issuer as its agent to hold the Sukuk Assets on its behalf *pro rata* according to the face amount of the Certificates held by such Certificateholder on the terms of the Declaration of Agency and the Conditions; (iii) to have agreed that the rights of the Issuer to sell, assign, transfer or dispose of the Contribution Assets, the Project Assets and / or the Lease Assets (or, in each case, any part thereof) are limited by the Finance Documents and accordingly that no Certificateholder shall have any recourse to the Contribution Assets, Project Assets and / or Lease Assets other than in accordance with the Finance Documents; (iv) to have consented to and to have instructed the entry by the Issuer and Sadara (in its capacity as the Managing Partner of the Musharaka, or, in the case of the Costs Undertaking, in its personal capacity) into the Finance Documents to which they are each a party and the performance by each of them of such agreements in accordance with their terms; (v) to have full capacity, power and authority to acquire and own the Certificates and to have appointed the Issuer as its agent upon and subject to the terms of the Conditions and the Declaration and Agency; and (vi) to have agreed that the rights of the Issuer, the Certificateholders' Agent, the Issuer Security Agents and the Certificateholders under the Certificates and the other Finance Documents are in certain circumstances, subject to provisions contained in such Finance Documents. In addition, each Certificateholder, by subscribing for, acquiring or holding the Certificates, shall be deemed irrevocably to appoint the Issuer Security Agents to act as security agents for and on behalf of the Certificateholders as Issuer Secured Parties under and in accordance with the Declaration of Agency, Issuer Security Documents and the other Finance Documents to which the Issuer Security Agent is a party.

#### *The Certificates:*

The Certificates will be represented by the Global Certificate which the Issuer issues to the Certificateholders' Agent on terms that the Certificateholders' Agent will hold the same for the Certificateholders. Individual Certificates representing holdings in the Global Certificate will not be issued. Once printed and signed by a person or persons duly authorized by the Issuer, for and on behalf of the Issuer, the Global Certificate will be authenticated by or on behalf of the Payments Administrator. The Global Certificate so signed and authenticated will then represent binding and valid obligations of the Issuer.

#### *Duties of the Issuer and the Certificateholders' Agent:*

Each of the Issuer and, in limited circumstances relating to Termination Events or Potential Termination Events, the Certificateholders' Agent, will undertake to cause all income from the Sukuk Assets to be distributed, and all payments in respect of the Certificates to be made, in accordance with the Conditions and the Payments Administration Agreement.

#### *Covenants of the Issuer and the Certificateholders' Agent:*

The Issuer will covenant with the Certificateholders' Agent that it will:

- (a) issue the Certificates, enter into the Finance Documents to which it is a party and undertake all other necessary acts to give effect to such issuance and entry;
- (b) hold the Sukuk Assets as agent for the benefit of the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder on the terms of the Declaration of Agency; and
- (c) pay each Periodic Distribution Amount, Fixed Distribution Amounts, Early Distribution Amounts, Additional Early Payment Amount, Termination Distribution Amount, Additional Termination Distribution Amount and any other amounts due and payable by it under the Conditions in accordance with the terms of the Declaration of Agency, the Conditions, the Payments Administration Agreement and the Finance Documents to which it is a party.

The benefit of the above covenants and all undertakings, representations and the following undertakings and warranties will be held by the Certificateholders' Agent on behalf of the Certificateholders.

#### *Undertakings, Representations and Warranties of the Issuer and Sadara:*

In the case of paragraphs (a), (c), (j) and (k), the Issuer and Sadara, and paragraphs (b), (d), (e), (f), (g), (h), (i), (l), (m), (o), (p), (q) and (r), the Issuer only, and paragraph (s), Sadara only each hereby undertakes to the

Certificateholders' Agent and, in respect of paragraphs (f), (g), (j) and (p), to the Intercreditor Agent that:

- (a) to the extent that the Issuer and / or Sadara is notified that the First Repayment Date will not fall on 15 December 2018, it will notify the Certificateholders' Agent and the Payments Administrator thereof;
- (b) it will comply with and perform and observe all the provisions of the Finance Documents which are expressed to be binding on it and take all actions (including executing service contract(s) compatible with its objects) to maintain a valid corporate existence and comply in all material respects with Applicable Laws;
- (c) it will at all times execute all such further documents and do such further acts and things as may be required under Applicable Law to give effect to the Declaration of Agency and the Conditions;
- (d) it will use all reasonable endeavors to maintain the listing of the Certificates on the Registrar or, if it is unable to do so having used reasonable endeavors or if the maintenance of such listing is impracticable or unduly onerous, in the reasonable judgment of the Issuer and the Company use all reasonable endeavors to obtain promptly and maintain a quotation or listing of the Certificates on such other stock exchange or exchanges or securities market or markets as the Certificateholders' Agent may approve (*provided that* obtaining such other listing or quotation would not itself be unduly onerous in the reasonable judgment of the Issuer and Sadara) and will also upon obtaining a quotation or listing of the Certificates on such other stock exchange or exchanges or securities market or markets enter into a supplemental agreement to the Declaration of Agency to effect such consequential amendments (if any) to the Declaration of Agency as the Certificateholders' Agent may require or as will be requisite to comply with the requirements of any such stock exchange or securities market;
- (e) it will at all times maintain a Payments Administrator in accordance with the Conditions;
- (f) it will comply with the provisions of Condition 5 (*Covenants*) as if such covenants were set out in full in the Declaration of Agency;
- (g) it will not take any action other than an action which is specifically contemplated by one or more Finance Documents to which it is a party or the Conditions (an **Authorized Action**) or which is necessary to give effect to an Authorized Action, without the prior consent of the Certificateholders' Agent and the Intercreditor Agent;
- (h) it will, on any Termination Date and on each Periodic Distribution Date or any other date on which any other amount may become due and payable under the Conditions or the Certificates will otherwise have become due and repayable, unconditionally pay or procure to be paid to or to the order of the Certificateholders' Agent, all amounts payable on that date under the Certificates, *provided that* every such payment made to or to the account of the Payments Administrator or by the Payments Administrator from the Payments Administrator Designated Account in the manner provided in the Payments Administration Agreement will be in satisfaction *pro tanto* of the relative covenant by the Issuer except to the extent there is a default in the subsequent payment thereof to the Certificateholders in accordance with the Conditions;
- (i) in order to enable the Certificateholders' Agent to ascertain the amount of Certificates for the time being outstanding, it will forthwith give notice in writing to the Certificateholders' Agent upon the purchase by an Eligible Purchaser to such effect and thereafter deliver to the Certificateholders' Agent forthwith upon being so requested in writing by the Certificateholders' Agent a certificate in writing signed by an authorized officer of the Issuer, as the case may be, setting out the aggregate outstanding face amount of Certificates which are at the date of such certificate held by, for the benefit of, or on behalf of, such Eligible Purchaser, in each case as beneficial owner;
- (j) it will promptly give notice in writing to the Intercreditor Agent and the Certificateholders' Agent upon becoming aware of the occurrence of a Termination Event, a Potential Termination Event or any other event, the occurrence of which is reasonably expected to lead to an early repayment of the Certificates in full;
- (k) it will give or procure to be given to the Certificateholders' Agent such opinions, certificates, information and evidence as it may (from time to time) reasonably require and in such form as it shall reasonably require (including without limitation the procurement by the Issuer (or,