

**EXECUTION VERSION**

**DATED 21 JUNE 2017**

**SEVERN TRENT Plc  
(as Issuer)**

**and**

**SEVERN TRENT UTILITIES FINANCE Plc  
(as Issuer)**

**and**

**SEVERN TRENT WATER LIMITED  
(as Guarantor in respect of Notes issued by Severn Trent Utilities Finance Plc)**

**and**

**THE LAW DEBENTURE TRUST CORPORATION p.l.c.  
(as Trustee)**

**TENTH SUPPLEMENTAL TRUST DEED  
modifying and restating the provisions of the  
Trust Deed dated 18 December 2000  
(as supplemented from time to time)  
relating to the  
€6,000,000,000  
Euro Medium Term Note Programme**

**ALLEN & OVERY**

**Allen & Overy LLP**

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## CONTENTS

<b>Clause</b>	<b>Page</b>
1. Definitions.....	2
2. Modifications .....	2
3. General.....	3
 <b>Schedule</b>	
1. Form of Modified Trust Deed.....	4
 Signatories.....	 117

**THIS TENTH SUPPLEMENTAL TRUST DEED** is made on 21 June 2017

**BETWEEN:**

- (1) **SEVERN TRENT Plc**, a company incorporated under the laws of England and Wales, whose registered office is at Severn Trent Centre, 2 St John's Street, Coventry, CV1 2LZ, England (**Severn Trent Plc**);
- (2) **SEVERN TRENT UTILITIES FINANCE Plc**, a company incorporated under the laws of England and Wales, whose registered office is at Severn Trent Centre, 2 St John's Street, Coventry, CV1 2LZ, England (**STUF** and, together with Severn Trent plc, the **Issuers** and each an **Issuer**);
- (3) **SEVERN TRENT WATER LIMITED**, a company incorporated under the laws of England and Wales, whose registered office is at Severn Trent Centre, 2 St John's Street, Coventry, CV1 2LZ, England (**STWL**); and
- (4) **THE LAW DEBENTURE TRUST CORPORATION p.l.c.**, a company incorporated under the laws of England and Wales, whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX, England (the **Trustee**, which expression shall, wherever the context so admits, include such company and all other persons or companies for the time being the trustee or trustees of these presents) as trustee for the Noteholders and the Couponholders (each as defined below).

**WHEREAS:**

- (A) This Tenth Supplemental Trust Deed is supplemental to:
  - (i) the Trust Deed dated 18 December 2000 (the **Principal Trust Deed**) made between Severn Trent Plc, STUF, STWL and the Trustee and relating to a €2,500,000,000 Euro Medium Term Note Programme established by Severn Trent Plc, STUF and STWL (the **Programme**);
  - (ii) the First Supplemental Trust Deed dated 19 December 2001 made between Severn Trent Plc, STUF, STWL and the Trustee and modifying the provisions of the Principal Trust Deed (the **First Supplemental Trust Deed**);
  - (iii) the Second Supplemental Trust Deed dated 4 August 2006 made between Severn Trent Plc, STUF, STWL and the Trustee and modifying the provisions of the Principal Trust Deed (the **Second Supplemental Trust Deed**);
  - (iv) the Third Supplemental Trust Deed dated 3 August 2007 made between Severn Trent Plc, STUF, STWL and the Trustee and modifying the provisions of the Principal Trust Deed (the **Third Supplemental Trust Deed**);
  - (v) the Fourth Supplemental Trust Deed dated 31 July 2008 made between Severn Trent Plc, STUF, Severn Trent European Placement S.A. (**STEP**), STWL and the Trustee and modifying and restating the provisions of the Principal Trust Deed (the **Fourth Supplemental Trust Deed**);
  - (vi) the Fifth Supplemental Trust Deed dated 31 July 2010 made between Severn Trent Plc, STEP, STUF, STWL and the Trustee and modifying and restating the provisions of the Principal Trust Deed (the **Fifth Supplemental Trust Deed**);

- (vii) the Sixth Supplemental Trust Deed dated 1 July 2011 made between Severn Trent Plc, STEP, STUF, STWL and the Trustee and modifying the provisions of the Principal Trust Deed (the **Sixth Supplemental Trust Deed**);
  - (viii) the Seventh Supplemental Trust Deed dated 19 June 2012 made between Severn Trent Plc, STEP, STUF, STWL and the Trustee and modifying the provisions of the Principal Trust Deed (the **Seventh Supplemental Trust Deed**);
  - (ix) the Eighth Supplemental Trust Deed dated 21 June 2013 made between Severn Trent Plc, STUF, STWL and the Trustee and modifying the provisions of the Principal Trust Deed (the **Eighth Supplemental Trust Deed**); and
  - (x) the Ninth Supplemental Trust Deed dated 23 June 2016 made between Severn Trent Plc, STUF, STWL and the Trustee and modifying the provisions of the Principal Trust Deed (the **Ninth Supplemental Trust Deed**, and together with the Principal Trust Deed, the First Supplemental Trust Deed, the Second Supplemental Trust Deed, the Third Supplemental Trust Deed, the Fourth Supplemental Trust Deed, the Fifth Supplemental Trust Deed, the Sixth Supplemental Trust Deed, the Seventh Supplemental Trust Deed and the Eighth Supplemental Trust Deed, the **Subsisting Trust Deeds**).
- (B) On 21 June 2017 the Issuers published a modified and updated Prospectus relating to the Programme (the **Prospectus**).

**NOW THIS TENTH SUPPLEMENTAL TRUST DEED WITNESSES AND IT IS HEREBY AGREED AND DECLARED** as follows:

## **1. DEFINITIONS**

Subject as otherwise provided in this Tenth Supplemental Trust Deed and unless there is anything in the subject or context inconsistent therewith, all words and expressions defined in the Principal Trust Deed (as modified as aforesaid) shall have the same meanings in this Tenth Supplemental Trust Deed.

## **2. MODIFICATIONS**

Save:

- (a) in relation to all Series of Notes issued during the period up to and including the day last preceding the date of this Tenth Supplemental Trust Deed and all (if any) Notes issued after such last preceding day so as to be consolidated and form a single Series with the Notes of any such Series; and
- (b) for the purpose (where necessary) of construing the provisions of this Tenth Supplemental Trust Deed,

with effect on and from the date of this Tenth Supplemental Trust Deed:

- (i) the Principal Trust Deed (as modified as aforesaid) is further modified in such manner as would result in the Principal Trust Deed as further modified being in the form set out in the Schedule hereto; and
- (ii) the provisions of the Principal Trust Deed (as modified as aforesaid) (insofar as the same still have effect) shall cease to have effect and in lieu thereof the provisions of the Principal

Trust Deed as further modified and restated (and being in the form set out in the Schedule hereto) shall have effect.

**3. GENERAL**

- 3.1 The Subsisting Trust Deeds shall henceforth be read and construed in conjunction with this Tenth Supplemental Trust Deed as one document.
- 3.2 For the avoidance of doubt, the Principal Trust Deed (without the modifications made hereby but, where applicable, as modified as aforesaid) shall continue to have effect in relation to all Series of Notes the first Tranche of which was issued on or prior to the day last preceding the date of this Tenth Supplemental Trust Deed.
- 3.3 This Tenth Supplemental Trust Deed and any non-contractual obligations arising out of or in connection with is governed by and shall be construed in accordance with English law.
- 3.4 A memorandum of this Tenth Supplemental Trust Deed shall be endorsed by the Trustee on the Principal Trust Deed and by the Issuers on the duplicate thereof.

**IN WITNESS WHEREOF** this Tenth Supplemental Trust Deed has been executed as a deed by Severn Trent Plc, STUF, STWL and the Trustee and delivered on the date first above written.

**SCHEDULE 1**  
**FORM OF MODIFIED TRUST DEED**

**DATED 18 DECEMBER 2000**

**SEVERN TRENT Plc**  
**(as Issuer)**

**and**

**SEVERN TRENT UTILITIES FINANCE Plc**  
**(as Issuer)**

**and**

**SEVERN TRENT WATER LIMITED**  
**(as Guarantor in respect of Notes issued by Severn Trent Utilities Finance Plc)**

**and**

**THE LAW DEBENTURE TRUST CORPORATION p.l.c.**  
**(as Trustee)**

**TRUST DEED**

**relating to a**  
**€6,000,000,000**  
**Euro Medium Term Note Programme**

## CONTENTS

Clause	Page
1. Definitions.....	6
2. Amount and Issue of the Notes.....	15
3. Forms of the Notes.....	17
4. Fees, Duties and Taxes.....	19
5. Covenant of Compliance.....	19
6. Cancellation of Notes and Records.....	20
7. Guarantee.....	21
8. Non-Payment.....	23
9. Proceedings, Action and Indemnification.....	23
10. Application of Moneys.....	23
11. Notice of Payments.....	24
12. Investment by Trustee.....	24
13. Partial Payments.....	24
14. Covenants by the Issuers and the Guarantor.....	24
15. Remuneration and Indemnification of Trustee.....	28
16. Supplement to Trustee Acts.....	29
17. Trustee's Liability.....	33
18. Trustee Contracting with the Issuers and the Guarantor.....	34
19. Waiver, Authorisation and Determination.....	34
20. Holder of Definitive Note assumed to be Couponholder.....	35
21. Currency Indemnity.....	35
22. New Trustee.....	36
23. Trustee's Retirement and Removal.....	36
24. Trustee's Powers to be Additional.....	37
25. Substitution.....	37
26. Notices.....	39
27. Contracts (Rights of Third Parties) Act 1999.....	40
28. Governing Law.....	40
29. Submission to Jurisdiction.....	40
30. Counterparts.....	40

### Schedule

1. Terms and Conditions of the Notes.....	41
2. Forms of Global and Definitive Notes, Coupons and Talons.....	81
Part 1 Form of Temporary Global Note.....	81
Part 2 Form of Permanent Global Note.....	90
Part 3 Form of Definitive Note.....	100
Part 4 Form of Coupon.....	104
Part 5 Form of Talon.....	105
3. Provisions for Meetings of Noteholders.....	107

Signatories.....	115
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**THIS TRUST DEED** is made on 18 December 2000, as modified and restated on 21 June 2017

**BETWEEN:**

- (1) **SEVERN TRENT Plc**, a company incorporated under the laws of England and Wales, whose registered office is at Severn Trent Centre, 2 St John's Street, Coventry, CV1 2LZ, England, as an Issuer under the Programme (**Severn Trent Plc**);
- (2) **SEVERN TRENT UTILITIES FINANCE Plc**, a company incorporated under the laws of England and Wales, whose registered office is at Severn Trent Centre, 2 St John's Street, Coventry, CV1 2LZ, England as an Issuer under the Programme (**STUF**);
- (3) **SEVERN TRENT WATER LIMITED**, a company incorporated under the laws of England and Wales, whose registered office is at Severn Trent Centre, 2 St John's Street, Coventry, CV1 2LZ, England (**STWL** and, in its capacity as guarantor of the Notes issued by STUF, the **Guarantor**); and
- (4) **THE LAW DEBENTURE TRUST CORPORATION p.l.c.**, a company incorporated under the laws of England, whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX, England (the **Trustee**, which expression shall, wherever the context so admits, include such company and all other persons or companies for the time being the trustee or trustees of these presents) as trustee for the Noteholders and the Couponholders (each as defined below).

**WHEREAS:**

- (A) Severn Trent Plc and STUF have duly authorised the establishment of a single Euro Medium Term Note Programme (the **Programme**) pursuant to which each of them may from time to time issue Notes as set out herein. Notes up to a maximum nominal amount (calculated in accordance with Clause 3(5) of the Programme Agreement (as defined below)) from time to time outstanding of €6,000,000,000 (subject to increase as provided in the Programme Agreement) (the **Programme Limit**) may be issued pursuant to the said Programme.
- (B) STWL has agreed to guarantee all Notes issued under the said Programme by STUF.
- (C) The Trustee has agreed to act as trustee of these presents for the benefit of the Noteholders and the Couponholders upon and subject to the terms and conditions of these presents.

**NOW THIS TRUST DEED WITNESSES AND IT IS AGREED AND DECLARED** as follows:

**1. DEFINITIONS**

- 1.1 In these presents, unless there is anything in the subject or context inconsistent therewith, the following expressions shall have the following meanings:

**Agency Agreement** means the agency agreement dated 21 June 2017 as amended and/or supplemented and/or restated from time to time, pursuant to which STUF and Severn Trent Plc (in its capacity as Issuer) and STWL (in its capacity as guarantor of the Notes issued by STUF) have appointed the Agent and the other Paying Agents in relation to all or any Series of the Notes issued by STUF or Severn Trent Plc and any other agreement for the time being in force appointing another Agent or further or other Paying Agents in relation to all or any Series of the Notes issued by STUF or Severn Trent Plc, or in connection with their duties, the terms of which have previously been approved in writing by the Trustee, together with any agreement for the time being in force amending or modifying or replacing with the prior written approval of the Trustee any of the aforesaid agreements;

**Agent** means, in relation to all or any Series of the Notes, HSBC Bank plc at its office at 8 Canada Square, London E14 5HQ and/or, if applicable, any Successor agent in relation to all or any Series of the Notes;

**Appointee** means any attorney, manager, agent, delegate, receiver or other person appointed by the Trustee under these presents;

**Auditors** means the auditors for the time being of the relevant Issuer or, as the case may be, the Guarantor or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of these presents, such other firm of accountants or other financial advisers as may be nominated by the relevant Issuer or, as the case may be, the Guarantor and approved by the Trustee or, failing such nomination and/or approval, as may be nominated by the Trustee, in each case for the purposes of these presents;

**Calculation Agent** means, in relation to all or any Series of the Notes, the person initially appointed as calculation agent in relation to such Notes by the relevant Issuer and the Guarantor pursuant to the Agency Agreement or, if applicable, any Successor calculation agent in relation to all or any Series of the Notes;

**CGN** means a Temporary Global Note or a Permanent Global Note and in either case in respect of which the applicable Final Terms indicate it is not a New Global Note;

**Clearstream, Luxembourg** means Clearstream Banking S.A;

**Code** means Section 1471(b) of the US Internal Revenue Code of 1986;

**Conditions** means, in relation to the Notes of any Series, the terms and conditions endorsed on or incorporated by reference into the Note or Notes constituting such Series, such terms and conditions being in or substantially in the form set out in Schedule 1 or in such other form, having regard to the terms of the Notes of the relevant Series, as may be agreed between the relevant Issuer, the Guarantor, the Trustee and the relevant Dealer(s) as supplemented by the Final Terms applicable to the Notes of the relevant Series, in each case as from time to time modified in accordance with the provisions of these presents;

**Coupon** means an interest coupon appertaining to a Definitive Note (other than a Zero Coupon Note), such coupon being:

- (a) if appertaining to a Fixed Rate Note, in the form or substantially in the form set out in Part 4 A of Schedule 2 or in such other form, having regard to the terms of issue of the Notes of the relevant Series, as may be agreed between the relevant Issuer, the Guarantor, the Agent, the Trustee and the relevant Dealer(s); or
- (b) if appertaining to a Floating Rate Note or an Index-Linked Interest Note in the form or substantially in the form set out in Part 4 B of Schedule 2 or in such other form, having regard to the terms of issue of the Notes of the relevant Series, as may be agreed between the relevant Issuer, the Guarantor, the Agent, the Trustee and the relevant Dealer(s); or
- (c) if appertaining to a Definitive Note which is neither a Fixed Rate Note nor a Floating Rate Note nor an Index-Linked Interest Note, in such form as may be agreed between the relevant Issuer, the Guarantor, the Agent, the Trustee and the relevant Dealer(s),

and includes, where applicable, the Talon(s) appertaining thereto and any replacements for Coupons and Talons issued pursuant to Condition 11;

**Couponholders** means the several persons who are for the time being holders of the Coupons and includes, where applicable, the Talonholders;

**Dealers** means Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited and The Royal Bank of Scotland plc (trading as NatWest Markets) any other entity which the Issuers and the Guarantor may appoint as a Dealer and notice of whose appointment has been given to the Agent and the Trustee in accordance with the provisions of the Programme Agreement but excluding any entity whose appointment has been terminated in accordance with the provisions of the Programme Agreement and notice of such termination has been given to the Agent and the Trustee in accordance with the provisions of the Programme Agreement, and references to a **relevant Dealer** or **relevant Dealer(s)** mean, in relation to any Tranche or Series of the Notes, the Dealer or Dealers with whom the relevant Issuer has agreed the issue of the Notes of such Tranche or Series and **Dealer** means any one of them;

**Definitive Note** means a Note in definitive form issued or, as the case may require, to be issued by the relevant Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the relevant Issuer, the Guarantor and the relevant Dealer(s) in relation to the Programme in exchange for either a Temporary Global Note or part thereof or a Permanent Global Note (all as indicated in the applicable Final Terms), such Note in definitive form being in the form or substantially in the form set out in Part 3 of Schedule 2 with such modifications (if any) as may be agreed between the relevant Issuer, the Guarantor, the Agent, the Trustee and the relevant Dealer(s) and having the Conditions endorsed thereon or, if permitted by the relevant Stock Exchange, incorporating the Conditions by reference (where applicable to this Trust Deed) as indicated in the applicable Final Terms and having the relevant information supplementing the Conditions appearing in the applicable Final Terms endorsed thereon or attached thereto and (except in the case of a Zero Coupon Note) having Coupons and, where appropriate, Talons attached thereto on issue;

**Early Redemption Amount** has the meaning ascribed thereto in Condition 7(g);

**Euroclear** means Euroclear Bank S.A./N.V.;

**Eurosystem** means the central banking system for the Euro;

**Eurosystem-eligible NGN** means an NGN which is intended to be held in a manner which would allow Eurosystem eligibility;

**Event of Default** means any of the conditions, events or acts provided in Condition 10 to be events upon the happening of which the Notes of any Series would, subject only to notice by the Trustee as therein provided, become immediately due and repayable;

**Excluded Subsidiary** has the meaning set out in Condition 3;

**Extraordinary Resolution** has the meaning ascribed thereto in paragraph 20 of Schedule 3;

**FATCA Withholding Tax** means any withholding or deduction pursuant to agreement described in the Code or otherwise imposed pursuant to Sections 1471 to 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof;

**Final Terms** has the meaning set out in the Programme Agreement;

**Fixed Rate Note** means a Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or fixed dates in each year and on redemption or on such other dates as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer(s) (as indicated in the applicable Final Terms);

**Floating Rate Note** means a Note on which interest is calculated at a floating rate payable one-, two-, three-, six- or twelve-monthly or in respect of such other period or on such date(s) as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer(s) (as indicated in the applicable Final Terms);

**Global Note** means a Temporary Global Note and/or a Permanent Global Note, as the context may require;

**Index-Linked Interest Note** means a Note in respect of which the amount payable in respect of interest is calculated or adjusted by reference to any of RPI, CPI or CPIH (each as defined in the Conditions);

**Index-Linked Note** means an Index-Linked Interest Note and/or an Index-Linked Redemption Note, as applicable;

**Index-Linked Redemption Note** means a Note in respect of which the amount payable in respect of principal is calculated or adjusted by reference to any of RPI, CPI or CPIH (each as defined in the Conditions);

**Interest Commencement Date** means, in the case of interest-bearing Notes, the date specified in the applicable Final Terms from (and including) which such Notes bear interest, which may or may not be the Issue Date;

**Interest Payment Date** means, in relation to any Floating Rate Note or Index-Linked Interest Note, either:

- (a) the date which falls the number of months or other period specified as the **Specified Period** in the applicable Final Terms after the preceding Interest Payment Date or the Interest Commencement Date (in the case of the first Interest Payment Date); or
- (b) such date or dates as are indicated in the applicable Final Terms;

**Issue Date** means, in respect of any Note, the date of issue and purchase of such Note pursuant to and in accordance with the Programme Agreement or any other agreement between the relevant Issuer, the Guarantor and the relevant Dealer(s), being, in the case of any Permanent Global Note or Definitive Note represented initially by a Temporary Global Note, the same date as the date of issue of the Temporary Global Note which initially represented such Note;

**Issue Price** means the price, generally expressed as a percentage of the nominal amount of the Notes, at which the Notes will be issued;

**Liability** means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any amount in respect of value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis;

**London Business Day** has the meaning set out in Condition 4(b)(v);

**Material Subsidiary** has the meaning set out in Condition 10;

**Maturity Date** means the date on which a Note is expressed to be redeemable;

**month** means a calendar month;

**NGN** means a Temporary Global Note or a Permanent Global Note and in either case in respect of which the applicable Final Terms indicate it is a New Global Note;

**Note** means a note issued pursuant to the Programme and denominated in such currency or currencies as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer(s) which has such maturity and denomination as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer(s) and issued or to be issued by the relevant Issuer pursuant to the Programme Agreement or any other agreement between the relevant Issuer, the Guarantor and the relevant Dealer(s) relating to the Programme, the Agency Agreement and these presents and which shall initially be represented by, and comprised in, either (a) a Temporary Global Note which may (in accordance with the terms of such Temporary Global Note) be exchanged for Definitive Notes or a Permanent Global Note which Permanent Global Note may (in accordance with the terms of such Permanent Global Note) in turn be exchanged for Definitive Notes or (b) a Permanent Global Note which may (in accordance with the terms of such Permanent Global Note) be exchanged for Definitive Notes (all as indicated in the applicable Final Terms) and includes any replacements for a Note issued pursuant to Condition 11;

**Noteholders** means the several persons who are for the time being holders of outstanding Notes save that, in respect of the Notes of any Series, for so long as such Notes or any part thereof are represented by a Global Note deposited with a common depository (in the case of CGN) or common safe-keeper (in the case of a NGN) for Euroclear and Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg) as the holder of a particular nominal amount of the Notes of such Series shall be deemed to be the holder of such nominal amount of such Notes (and the holder of the relevant Global Note shall be deemed not to be the holder) for all purposes of these presents other than with respect to the payment of principal or interest on such nominal amount of such Notes, the rights to which shall be vested, as against the relevant Issuer, the Guarantor, the Paying Agents and the Trustee, solely in such common depository or common safe-keeper and for which purpose such common depository or common safe-keeper shall be deemed to be the holder of such nominal amount of such Notes in accordance with and subject to its terms and the provisions of these presents and the expressions **Noteholder**, **holder** and **holder of Notes** and related expressions shall be construed accordingly;

**notice** means, in respect of a notice to be given to Noteholders, a notice validly given pursuant to Condition 14;

**Official List** has the meaning given to that term in Section 103 of the FSMA;

**outstanding** means, in relation to the Notes of all or any Series, all the Notes of such Series issued other than:

- (a) those Notes which have been redeemed pursuant to these presents;
- (b) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest payable thereon) have been duly paid to the Trustee or to the Agent in the manner provided in the Agency Agreement (and, where appropriate, notice to that effect has been given to the relative Noteholders in accordance with Condition 14) and remain available for payment against presentation of the relevant Notes and/or Coupons;
- (c) those Notes which have been purchased and cancelled in accordance with Conditions 7(h) and 6(i);

- (d) those Notes which have become void under Condition 9;
- (e) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 11;
- (f) (for the purpose only of ascertaining the nominal amount of the Notes outstanding and without prejudice to the status for any other purpose of the relevant Notes) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacement notes have been issued pursuant to Condition 11; and
- (g) any Temporary Global Note to the extent that it shall have been exchanged for Definitive Notes or a Permanent Global Note and any Permanent Global Note to the extent that it shall have been exchanged for Definitive Notes in each case pursuant to its provisions, the provisions of these presents and the Agency Agreement,

and provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the holders of the Notes of any Series an Extraordinary Resolution in writing or an Ordinary Resolution in writing or an Extraordinary Resolution by way of electronic consents through the relevant Clearing System(s) as envisaged by paragraph 20 of Schedule 3 and any direction or request by the holders of the Notes;
- (ii) the determination of how many and which Notes of any Series are for the time being outstanding for the purposes of Clause 9.1, Conditions 10 and 15 and paragraphs 2, 5, 6 and 9 of Schedule 3;
- (iii) any discretion, power or authority (whether contained in these presents or vested by operation of law) which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the holders of the Notes of any Series; and
- (iv) the determination by the Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the holders of the Notes of any Series,

those Notes of the relevant Series (if any) which are for the time being held by or on behalf of the relevant Issuer, the Guarantor, any Subsidiary or holding company of the relevant Issuer or the Guarantor or any other Subsidiary of any such holding company, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

**Paying Agents** means, in relation to all or any Series of the Notes, the several institutions (including, where the context permits, the Agent) at their respective specified offices initially appointed as paying agents in relation to such Notes by the Issuers and the Guarantor pursuant to the Agency Agreement and/or, if applicable, any Successor paying agents at their respective specified offices;

**Permanent Global Note** means a global note in the form or substantially in the form set out in Part 2 of Schedule 2 with such modifications (if any) as may be agreed between the relevant Issuer, the Guarantor, the Agent, the Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms annexed thereto, comprising some or all of the Notes of the same Series, issued by the relevant Issuer pursuant to the Programme Agreement or any other agreement between the relevant Issuer, the Guarantor and the relevant Dealer(s) relating to the Programme, the Agency Agreement and these presents either in exchange for the whole or part of any Temporary Global Note issued in respect of such Notes or on issue;

**Potential Event of Default** means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Event of Default;

**Programme** means the Euro Medium Term Note Programme established by, or otherwise contemplated in, the Programme Agreement;

**Programme Agreement** means the agreement of even date herewith between the Issuers, the Guarantor and the Dealers named therein concerning the purchase of Notes to be issued pursuant to the Programme together with any agreement for the time being in force amending, replacing, novating or modifying such agreement and any accession letters and/or agreements supplemental thereto;

**Reference Banks** means the several banks initially appointed as reference banks in relation to the Notes and referred to in the Conditions and/or, if applicable, any Successor reference banks in relation to the Notes;

**Relevant Date** has the meaning set out in Condition 8;

**relevant Issuer** means, with respect to any Note, the Issuer of such Note specified as such in the applicable Final Terms;

**repay, redeem and pay** shall each include both the others and cognate expressions shall be construed accordingly;

**Securities Act** means the United States Securities Act of 1933, as amended;

**Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices, and the expressions **Notes of the relevant Series, holders of Notes of the relevant Series** and related expressions shall be construed accordingly;

**Stock Exchange** means the London Stock Exchange plc or any other or further stock exchange(s) on which any Notes may from time to time be listed, and references in these presents to the **relevant Stock Exchange** shall, in relation to any Notes, be references to the Stock Exchange on which such Notes are, from time to time, or are intended to be, listed;

**Subsidiary** means any company which is for the time being a subsidiary (within the meaning of Section 1159 of the Companies Act 2006 of Great Britain);

**Successor** means, in relation to the Agent, the other Paying Agents, the Reference Banks and the Calculation Agent, any successor to any one or more of them in relation to the Notes which shall become such pursuant to the provisions of these presents and/or the Agency Agreement (as the case may be) and/or such other or further agent, paying agents, reference banks or calculation agent (as the case may be) in relation to the Notes as may (with the prior approval of, and on terms previously approved by, the Trustee in writing) from time to time be appointed as such, and/or, if applicable, such other or further specified offices (in the former case being within the same city as those for which they are substituted) as may from time to time be nominated, in each case by the relevant Issuer and the Guarantor, and (except in the case of the initial appointments and specified offices made under and specified in the Conditions and/or the Agency Agreement, as the case may be) notice of whose appointment or, as the case may be, nomination has been given to the Noteholders;

**Talonholders** means the several persons who are for the time being holders of the Talons;

**Talons** means the talons (if any) appertaining to, and exchangeable in accordance with the provisions therein contained for further Coupons appertaining to, the Definitive Notes (other than Zero Coupon Notes), such talons being in the form or substantially in the form set out in Part 5 of Schedule 2 or in such other form as may be agreed between the relevant Issuer, the Guarantor, the Agent, the Trustee and the relevant Dealer(s) and includes any replacements for Talons issued pursuant to Condition 11;

**Temporary Global Note** means a temporary global note in the form or substantially in the form set out in Part 1 of Schedule 2 with such modifications (if any) as may be agreed between the relevant Issuer, the Guarantor, the Agent, the Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms annexed thereto, comprising some or all of the Notes of the same Series, issued by the relevant Issuer pursuant to the Programme Agreement or any other agreement between the relevant Issuer, the Guarantor and the relevant Dealer(s) relating to the Programme, the Agency Agreement and these presents;

**these presents** means this Trust Deed and the Schedules and any trust deed supplemental hereto and the Schedules (if any) thereto and the Notes, the Coupons, the Talons, the Conditions and, unless the context otherwise requires, the Final Terms, all as from time to time modified in accordance with the provisions herein or therein contained;

**Tranche** means all Notes which are identical in all respects (including as to listing);

**Trust Corporation** means a corporation entitled by rules made under the Public Trustee Act 1906 of Great Britain or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee;

**Trustee Acts** means the Trustee Act 1925 and the Trustee Act 2000;

**UK Listing Authority** means the Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000; and

**Zero Coupon Note** means a Note on which no interest is payable.

1.2 In these presents:

- (a) words denoting the singular shall include the plural and vice versa;
- (b) words denoting one gender only shall include the other genders; and
- (c) words denoting persons only shall include firms and corporations and vice versa.

1.3 (a) All references in these presents to principal and/or principal amount and/or interest in respect of the Notes or to any moneys payable by the relevant Issuer or, as the case may be, the Guarantor under these presents shall, unless the context otherwise requires, be construed in accordance with Condition 6(f).

- (b) All references in these presents to any statute or any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such modification or re-enactment.

- (c) All references in these presents to guarantees or to an obligation being guaranteed shall be deemed to include respectively references to indemnities or to an indemnity being given in respect thereof.
- (d) All references in these presents to **euro** or **€** shall be construed as references to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.
- (e) All references in these presents to any action, remedy or method of proceeding for the enforcement of the rights of creditors shall be deemed to include, in respect of any jurisdiction other than England, references to such action, remedy or method of proceeding for the enforcement of the rights of creditors available or appropriate in such jurisdiction as shall most nearly approximate to such action, remedy or method of proceeding described or referred to in these presents.
- (f) All references in these presents to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits (but not in the case of any NGN), be deemed to include references to any successor operator and/or successor clearing system and/or any additional or alternative clearing system as is approved by the relevant Issuer, the Guarantor, the Agent and the Trustee.
- (g) All references to the records of Euroclear and Clearstream, Luxembourg shall be to the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customers' interest in the Notes. In determining any customer's interest in the Notes, where the same interest is shown in the records of both clearing systems, such interest shall not be double-counted.
- (h) All references in these presents to the common depositary or common safe-keeper shall, whenever the context so permits, be deemed to include references to any successor common depositary or common safe-keeper or any additional or alternative common depositary or common safe-keeper as is approved by the relevant Issuer, the Guarantor, the Agent and the Trustee.
- (i) All references in these presents involving compliance by the Trustee with a test of reasonableness shall be deemed to include a reference to a requirement that such reasonableness shall be determined by reference solely to the interests of the holders of the Notes of the relevant one or more Series as a class.
- (j) Unless the context otherwise requires, words or expressions used in these presents shall bear the same meanings as in the Companies Act 2006 of Great Britain.
- (k) In this Trust Deed, references to Schedules, Clauses, subclauses, paragraphs and sub paragraphs shall be construed as references to the Schedules to this Trust Deed and to the Clauses, subclauses, paragraphs and subparagraphs of this Trust Deed respectively.
- (l) In these presents, tables of contents and Clause headings are included for ease of reference and shall not affect the construction of these presents.

1.4 Words and expressions defined in these presents or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used herein unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and these presents, these presents shall prevail and, in the event of inconsistency between the Agency Agreement or these presents and the applicable Final Terms, the applicable Final Terms shall prevail.

- 1.5 All references in these presents to the **relevant currency** shall be construed as references to the currency in which payments in respect of the Notes and/or Coupons of the relevant Series are to be made as indicated in the applicable Final Terms.
- 1.6 All references in these presents to Notes being **listed** or **having a listing** (a) on a Stock Exchange shall, in relation to any Notes which are to have a listing or be listed on the London Stock Exchange plc, be construed to mean that such Notes have been admitted to the Official List by the UK Listing Authority and to trading on the London Stock Exchange's regulated market and (b) on any other Stock Exchange within the European Economic Area, shall be construed to mean that the Notes have been admitted to trading on a market within that jurisdiction which is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

## **2. AMOUNT AND ISSUE OF THE NOTES**

### **2.1 Amount of the Notes, Final Terms and Legal Opinions**

The Notes will be issued in Series in an aggregate nominal amount from time to time outstanding not exceeding the Programme Limit from time to time and for the purpose of determining such aggregate nominal amount Clause 3(5) of the Programme Agreement shall apply.

By not later than 3pm. (London time) on the second London Business Day preceding each proposed Issue Date, the relevant Issuer shall deliver or cause to be delivered to the Trustee a copy of the applicable Final Terms and drafts of all legal opinions to be given in relation to the relevant issue and shall notify or cause the Trustee to be notified in writing without delay of the relevant Issue Date and the nominal amount of the Notes to be issued. Upon the issue of the relevant Notes, such Notes shall become constituted by these presents without further formality.

Before the first issue of Notes made after each anniversary of this Trust Deed and on such other occasions as the Trustee so requests (on the basis that the Trustee considers it necessary in view of a change (or proposed change) in applicable law affecting the relevant Issuer or the Guarantor, these presents, the Programme Agreement or the Agency Agreement or the Trustee has other grounds for such request), the relevant Issuer or, as the case may be, the Guarantor will procure that further legal opinion(s) (relating, if applicable, to any such change or proposed change) in such form and with such content as the Trustee may require from the legal advisers specified in the Programme Agreement or such other legal advisers as the Trustee may require is/are delivered to the Trustee. Whenever such a request is made with respect to any Notes to be issued, the receipt of such opinion in a form satisfactory to the Trustee shall be a further condition precedent to the issue of those Notes.

### **2.2 Covenant to repay principal and to pay interest**

The relevant Issuer covenants with the Trustee that it will in respect of Notes issued by it, as and when the Notes of any Series or any of them becomes due to be redeemed in accordance with the Conditions, unconditionally pay or procure to be paid to or to the order of the Trustee in the relevant currency in immediately available funds the principal amount in respect of the Notes of such Series becoming due for redemption on that date and (except in the case of Zero Coupon Notes) shall (subject to the provisions of the Conditions) in the meantime and until redemption in full of the Notes of such Series (both before and after any judgment or other order of a court of competent jurisdiction) unconditionally pay or procure to be paid to or to the order of the Trustee as aforesaid interest (which shall accrue from day to day) on the nominal amount of the Notes outstanding of such Series at rates and/or in amounts calculated from time to time in accordance with, or specified in, and on the dates provided for in, the Conditions (subject to Clause 2.4) provided that:

- (a) every payment of principal or interest or other sum due in respect of the Notes made to or to the order of the Agent in the manner provided in the Agency Agreement shall be in

satisfaction *pro tanto* of the relative covenant by the relevant Issuer in this Clause contained in relation to the Notes of such Series except to the extent that there is a default in the subsequent payment thereof in accordance with the Conditions to the relevant Noteholders or Couponholders (as the case may be);

- (b) in the case of any payment of principal which is not made to the Trustee or the Agent on or before the due date, interest shall continue to accrue on the nominal amount of the relevant Notes (except in the case of Zero Coupon Notes to which the provisions of Condition 7(j) shall apply) (both before and after any judgment or other order of a court of competent jurisdiction) at the rates aforesaid up to and including the date which the Trustee determines to be the date on and after which payment is to be made in respect thereof as stated in a notice given to the holders of such Notes (such date to be not later than 30 days after the day on which the whole of such principal amount, together with an amount equal to the interest which has accrued and is to accrue pursuant to this proviso up to and including that date, has been received by the Trustee or the Agent); and
- (c) in any case where payment of the whole or any part of the principal amount of any Note is improperly withheld or refused upon due presentation thereof (other than in circumstances contemplated by paragraph (b) above) interest shall accrue on the nominal amount of such Note (except in the case of Zero Coupon Notes to which the provisions of Condition 7(j) shall apply) payment of which has been so withheld or refused (both before and after any judgment or other order of a court of competent jurisdiction) at the rates aforesaid from the date of such withholding or refusal until the date on which, upon further presentation of the relevant Note, payment of the full amount (including interest as aforesaid) in the relevant currency payable in respect of such Note is made or (if earlier) the fifth day after notice is given to the relevant Noteholder(s) (whether individually or in accordance with Condition 14) that the full amount (including interest as aforesaid) in the relevant currency in respect of such Note is available for payment, provided that, upon further presentation thereof being duly made, such payment is made.

The Trustee will hold the benefit of this covenant on trust for the Noteholders and the Couponholders and itself in accordance with these presents.

### **2.3 Trustee's requirements regarding Paying Agents etc**

At any time after an Event of Default or a Potential Event of Default shall have occurred or the Notes of all or any Series shall otherwise have become due and repayable or the Trustee shall have received any money which it proposes to pay under Clause 10 to the relevant Noteholders and/or Couponholders, the Trustee may:

- (a) by notice in writing to the relevant Issuer, the Guarantor, the Agent and the other Paying Agents require the Agent and the other Paying Agents pursuant to the Agency Agreement:
  - (i) to act thereafter as Agent and other Paying Agents respectively of the Trustee in relation to payments to be made by or on behalf of the Trustee under the terms of these presents *mutatis mutandis* on the terms provided in the Agency Agreement (save that the Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Agent and the other Paying Agents shall be limited to the amounts for the time being held by the Trustee on the trusts of these presents relating to the Notes of the relevant Series and available for such purpose) and thereafter to hold all Notes and Coupons and all sums, documents and records held by them in respect of Notes and Coupons on behalf of the Trustee; or

(ii) to deliver up all Notes and Coupons and all sums, documents and records held by them in respect of Notes and Coupons to the Trustee or as the Trustee shall direct in such notice provided that such notice shall be deemed not to apply to any documents or records which the Agent or relevant other Paying Agent is obliged not to release by any law or regulation; and

(b) by notice in writing to the relevant Issuer and the Guarantor require each of them to make all subsequent payments in respect of the Notes and Coupons to or to the order of the Trustee and not to the Agent and, with effect from the issue of any such notice to the relevant Issuer and the Guarantor and until such notice is withdrawn, proviso (a) to Clause 2.2 relating to the Notes shall cease to have effect.

2.4 If the Floating Rate Notes or Index-Linked Interest Notes of any Series become immediately due and repayable under Condition 10 the rate and/or amount of interest payable in respect of them will be calculated by the Calculation Agent at the same intervals as if such Notes had not become due and repayable, the first of which will commence on the expiry of the Interest Period during which the Notes of the relevant Series become so due and repayable *mutatis mutandis* in accordance with the provisions of Condition 4 except that the rates of interest need not be published.

## 2.5 Currency of payments

All payments in respect of, under and in connection with these presents and the Notes of any Series to the relevant Noteholders and Couponholders shall be made in the relevant currency.

## 2.6 Further Notes

The relevant Issuer shall be at liberty from time to time (but subject always to the provisions of these presents) without the consent of the Noteholders or Couponholders to create and issue further Notes including, without limitation, Notes ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further Notes) and so that the same shall be consolidated and form a single series with the outstanding Notes of a particular Series.

## 2.7 Separate Series

The Notes of each Series shall form a separate Series of the Notes and accordingly, unless for any purpose the Trustee in its absolute discretion shall otherwise determine, the provisions of this Clause and of Clauses 3 to 21 (both inclusive), 22.2 and 25 and Schedule 3 shall apply *mutatis mutandis* separately and independently to the Notes of each Series, and in such Clauses and Schedule the expressions **Notes**, **Noteholders**, **Coupons**, **Couponholders**, **Talons** and **Talonholders** shall be construed accordingly.

## 3. FORMS OF THE NOTES

### 3.1 Global Notes

(a) The Notes of each Tranche will be represented on issue by either a single Temporary Global Note or a single Permanent Global Note. Each Temporary Global Note shall be exchangeable for either Definitive Notes together with (except in the case of Zero Coupon Notes) Coupons and, where applicable, Talons attached, or a Permanent Global Note in each case in accordance with the provisions of such Temporary Global Note. Each Permanent Global Note shall be exchangeable for Definitive Notes together with (except in the case of Zero Coupon Notes) Coupons and, where applicable, Talons attached, in accordance with the provisions of such Permanent Global Note. All Global Notes shall be prepared, completed and delivered to a common depositary (in the case of a

CGN) or common safe-keeper (in the case of a NGN) for Euroclear and Clearstream, Luxembourg in accordance with the provisions of the Programme Agreement or to another appropriate depositary in accordance with any other agreement between the relevant Issuer and the relevant Dealer(s) and, in each case, the Agency Agreement.

- (b) Each Temporary Global Note shall be printed or typed in the form or substantially in the form set out in Part 1 of Schedule 2 and may be a facsimile. Each Temporary Global Note shall have annexed thereto a copy of the applicable Final Terms and shall be signed manually or in facsimile by a person duly authorised by the relevant Issuer on behalf of the relevant Issuer and shall be authenticated by or on behalf of the Agent and shall, in the case of a Eurosystem-eligible NGN, be effectuated by the common safe-keeper acting on the instructions of the Agent. Each Temporary Global Note so executed and authenticated shall be a binding and valid obligation of the relevant Issuer and title thereto shall pass by delivery.
- (c) Each Permanent Global Note shall be printed or typed in the form or substantially in the form set out in Part 2 of Schedule 2 and may be a facsimile. Each Permanent Global Note shall have annexed thereto a copy of the applicable Final Terms and shall be signed manually or in facsimile by a person duly authorised by the relevant Issuer on behalf of the relevant Issuer and shall be authenticated by or on behalf of the Agent and shall, in the case of a Eurosystem-eligible NGN, be effectuated by the common safe-keeper acting on the instructions of the Agent. Each Permanent Global Note so executed and authenticated shall be a binding and valid obligation of the relevant Issuer and title thereto shall pass by delivery.

### **3.2 Definitive Notes**

- (a) The Definitive Notes, the Coupons and the Talons shall be to bearer in the respective forms or substantially in the respective forms set out in Part 3, Part 4 and Part 5, respectively, of Schedule 2. The Definitive Notes, the Coupons and the Talons shall be serially numbered and, if listed or quoted, shall be security printed in accordance with the requirements (if any) from time to time of the relevant Stock Exchange and the relevant Conditions shall be incorporated by reference (where applicable to these presents) into such Definitive Notes if permitted by the relevant Stock Exchange (if any), or, if not so permitted, the Definitive Notes shall be endorsed with or have attached thereto the relevant Conditions, and, in either such case, the Definitive Notes shall have endorsed thereon or attached thereto a copy of the applicable Final Terms (or the relevant provisions thereof). Title to the Definitive Notes, the Coupons and the Talons shall pass by delivery.
- (b) The Definitive Notes shall be signed manually or in facsimile by one or more persons duly authorised by the relevant Issuer on behalf of the relevant Issuer and shall be authenticated by or on behalf of the Agent. The Definitive Notes so executed and authenticated, and the Coupons and Talons, upon execution and authentication of the relevant Definitive Notes, shall be binding and valid obligations of the relevant Issuer. The Coupons and the Talons shall not be signed. No Definitive Note and none of the Coupons or Talons appertaining to such Definitive Note shall be binding or valid until such Definitive Note shall have been executed and authenticated as aforesaid.

### **3.3 Facsimile signatures**

The relevant Issuer may use the facsimile signature of any person who at the date such signature is affixed to a Note is duly authorised by the relevant Issuer notwithstanding that at the time of issue of any of the Notes he may have ceased for any reason to be so authorised.

### **3.4 Persons to be treated as Noteholders**

Except as ordered by a court of competent jurisdiction or as required by law, the relevant Issuer, the Guarantor, the Trustee, the Agent and the other Paying Agents (notwithstanding any notice to the

contrary and whether or not it is overdue and notwithstanding any notation of ownership or writing thereon or notice of any previous loss or theft thereof) may:

- (a) for the purpose of making payment thereon or on account thereof deem and treat the bearer of any Global Note, Definitive Note or Coupon as the absolute owner thereof and of all rights thereunder free from all encumbrances, and shall not be required to obtain proof of such ownership or as to the identity of the bearer; and
- (b) for all other purposes deem and treat:
  - (i) the bearer of any Definitive Note, Coupon or Talon; and
  - (ii) each person for the time being shown in the records of Euroclear or Clearstream, Luxembourg or (except in the case of a NGN) such other additional or alternative clearing system approved by the Issuers, the Trustee and the Agent as having a particular nominal amount of Notes credited to his securities account,

as the absolute owner thereof and of all rights thereunder free from all encumbrances and shall not be required to obtain proof of such ownership (other than, in the case of any person for the time being so shown in such records, a certificate or letter of confirmation signed on behalf of Euroclear or Clearstream, Luxembourg or any other form of record made by any of them) or as to the identity of the bearer of any Global Note, Definitive Note, Coupon or Talon.

### **3.5 Certificates of Euroclear and Clearstream, Luxembourg**

Without prejudice to the provisions of Clause 16.1(t), the relevant Issuer and the Trustee may call for any certificate or other document to be issued by or on behalf of Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes represented by a Global Note standing to the account of any person. Any such certificate or other document shall (in the absence of manifest error) be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Creation Online system) in accordance with its usual procedures and in which the holder of a particular nominal amount of Notes is clearly identified together with the amount of such holding. Neither the relevant Issuer, the Guarantor nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by Euroclear or Clearstream, Luxembourg and subsequently found to be forged or not authentic.

## **4. FEES, DUTIES AND TAXES**

The relevant Issuer will pay any stamp, issue, registration, documentary and other similar fees, duties and taxes, including interest and penalties payable on or in connection with (a) the execution and delivery of these presents, (b) the constitution and original issue of the Notes and the Coupons and (c) any action taken by or on behalf of the Trustee or (where permitted under these presents so to do) any Noteholder or Couponholder to enforce, or to resolve any doubt concerning, or for any other purpose in relation to, these presents.

## **5. COVENANT OF COMPLIANCE**

Each of the relevant Issuer and the Guarantor covenants with the Trustee that so long as any of the Notes issued by it, or, in the case of the Guarantor, STUF, remains outstanding it will comply with and perform and observe all the provisions of these presents which are expressed to be binding on it. The Conditions shall be binding on the relevant Issuer, the Guarantor, the Noteholders and the

Couponholders. The Trustee shall be entitled to enforce the obligations of the relevant Issuer and the Guarantor under the Notes and the Coupons as if the same were set out and contained in this Trust Deed, which shall be read and construed as one document with the Notes and the Coupons. The Trustee shall hold the benefit of this covenant upon trust for itself and the Noteholders and the Couponholders according to its and their respective interests.

## 6. CANCELLATION OF NOTES AND RECORDS

6.1 The relevant Issuer shall procure that all Notes issued by it (a) which are redeemed or (b) which are purchased and surrendered for cancellation by or on behalf of the relevant Issuer, the Guarantor or any Subsidiary of the relevant Issuer or the Guarantor, (c) which, being mutilated or defaced, have been surrendered and replaced pursuant to Condition 11 or (d) which are exchanged as provided in these presents (together in each case with all unmatured Coupons attached thereto or delivered therewith) and all relative Coupons paid in accordance with the relevant Conditions or which, being mutilated or defaced, have been surrendered and replaced pursuant to Condition 11 shall forthwith be cancelled by or on behalf of the relevant Issuer and a certificate stating:

- (a) the aggregate nominal amount of Notes which have been redeemed and the aggregate amounts in respect of Coupons which have been paid;
- (b) the serial numbers of such Notes in definitive form;
- (c) the total numbers (where applicable, of each denomination) by maturity date of such Coupons;
- (d) the aggregate amount of interest paid (and the due dates of such payments) on Global Notes;
- (e) the aggregate nominal amount of Notes (if any) which have been purchased by or on behalf of the relevant Issuer, the Guarantor or any Subsidiary of the relevant Issuer or the Guarantor and cancelled and the serial numbers of such Notes in definitive form and the total number (where applicable, of each denomination) by maturity date of the Coupons and Talons attached thereto or surrendered therewith;
- (f) the aggregate nominal amounts of Notes and the aggregate amounts in respect of Coupons which have been so exchanged or surrendered and replaced and the serial numbers of such Notes in definitive form and the total number (where applicable, of each denomination) by maturity date of such Coupons and Talons;
- (g) the total number (where applicable, of each denomination) by maturity date of the unmatured Coupons missing from Definitive Notes bearing interest at a fixed rate which have been redeemed or exchanged or surrendered and replaced and the serial numbers of the Definitive Notes to which such missing unmatured Coupons appertained; and
- (h) the total number (where applicable, of each denomination) by maturity date of Talons which have been exchanged for further Coupons,

shall be given to the Trustee by or on behalf of the relevant Issuer as soon as possible and in any event within four months after the date of such redemption, purchase, payment, exchange or replacement (as the case may be). The Trustee may accept such certificate as conclusive evidence of redemption, exchange, purchase or replacement *pro tanto* of the Notes or payment of interest thereon or exchange of the relative Talons respectively and of cancellation of the relative Notes and Coupons.

- 6.2 The relevant Issuer shall use all reasonable endeavours to procure (a) that the Agent shall keep a full and complete record of all Notes, Coupons and Talons issued by it (other than serial numbers of Coupons) and of their redemption or purchase by or on behalf of the relevant Issuer, the Guarantor or any Subsidiary of the relevant Issuer or the Guarantor and cancellation and of all replacement notes, coupons or talons issued in substitution for lost, stolen, mutilated, defaced or destroyed Notes, Coupons or Talons; (b) that the Agent shall in respect of the Coupons of each maturity retain (in the case of Coupons other than Talons) until the expiry of 10 years from the Relevant Date in respect of such Coupons and (in the case of Talons indefinitely) either all paid or exchanged Coupons of that maturity or a list of the serial numbers of Coupons of that maturity still remaining unpaid or unexchanged; and (c) that such records and Coupons (if any) shall be made available to the Trustee at all reasonable times during normal business hours.

Notwithstanding the foregoing, the relevant Issuer shall not be required to procure the keeping of a record of serial numbers and maturity dates of Coupons except as regards unmatured Coupons not attached to or surrendered with Definitive Notes presented for redemption or purchased and presented for cancellation, matured Coupons that remain unpaid and Coupons in place of which replacement Coupons have been issued and replacement Coupons.

## **7. GUARANTEE**

- 7.1 STWL hereby irrevocably and unconditionally guarantees to the Trustee:

- (a) the due and punctual payment in accordance with these presents of the principal of and interest (if any) on all Notes issued by STUF and of any other amounts payable by STUF under these presents in relation to such Notes and the relative Coupons; and
- (b) the due and punctual performance and observance by STUF of each of the other provisions of these presents on its part to be performed or observed in relation to any Notes and Coupons issued by it.

- 7.2 If STWL fails for any reason whatsoever punctually to pay any such principal, interest or other amount, the Guarantor shall cause each and every such payment to be made as if the Guarantor instead of STWL were expressed to be the primary obligor of the relevant Note or Coupon and not merely as surety (but without affecting the relevant Issuer's obligations) to the intent that the holder thereof shall receive the same amounts in respect of principal, interest or such other amount as would have been receivable had such payments been made by STWL.

- 7.3 If any payment received by the Trustee or any Noteholder or Couponholder pursuant to the provisions of these presents in relation to the Notes or the Coupons issued by STWL shall (whether on the subsequent bankruptcy, insolvency or corporate reorganisation of the relevant Issuer or other such similar event) be avoided or set aside for any reason, such payment shall not be considered as discharging or diminishing the liability of the Guarantor and this guarantee shall continue to apply as if such payment had at all times remained owing by STWL and the Guarantor shall indemnify the Trustee and the relative Noteholders and/or Couponholders (as the case may be) in respect thereof provided that the obligations of the Guarantor under this Clause 7.3 shall, as regards each payment made to the Trustee or any Noteholder or Couponholder which is avoided or set aside, be contingent upon such payment being reimbursed to STWL or other persons entitled through STWL.

- 7.4 The Guarantor hereby agrees that its obligations under this guarantee shall be unconditional and that the Guarantor shall be fully liable under this guarantee irrespective of the validity, regularity, legality or enforceability against the relevant Issuer of, or of any defence or counter-claim whatsoever available to STWL in relation to, its obligations under these presents, whether or not any action has been taken to enforce the same or any judgment obtained against STWL, whether or not any of the other provisions of these presents have been modified, whether or not any time, indulgence, waiver,

authorisation or consent has been granted to STWL by or on behalf of the relative Noteholders or the relative Couponholders or the Trustee, whether or not any determination has been made by the Trustee pursuant to Clause 19.1, whether or not there have been any dealings or transactions between STWL, any of the relative Noteholders or Couponholders or the Trustee, whether or not STWL has been dissolved, liquidated, merged, consolidated, bankrupted or has changed its status, functions, control or ownership, whether or not STWL has been prevented from making payment by foreign exchange provisions applicable at its place of registration or incorporation and whether or not any other circumstances have occurred which might otherwise constitute a legal or equitable discharge of or defence to a guarantor. Accordingly, the validity of this guarantee shall not be affected by reason of any invalidity, irregularity, illegality or unenforceability of all or any of the obligations of STWL under these presents and this guarantee shall not be discharged nor shall the liability of the Guarantor under this guarantee be affected by any act, thing or omission or means whatever whereby its liability would not have been discharged if it had been the principal debtor.

- 7.5 Without prejudice to the provisions of Clause 9, the Trustee may determine from time to time whether or not it will enforce the relevant guarantee which it may do without making any demand of or taking any proceedings against STWL and may from time to time make any arrangement or compromise with the Guarantor in relation to this guarantee which the Trustee may consider expedient in the interests of the relative Noteholders or Couponholders.
- 7.6 STWL hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of dissolution, liquidation, merger or bankruptcy of STUF, any right to require a proceeding first against STUF, protest or notice with respect to the relative Notes or Coupons or the indebtedness evidenced thereby and all demands whatsoever and hereby covenants that this guarantee shall be a continuing guarantee, shall extend to the ultimate balance of all sums payable and obligations owed by STUF under these presents in relation to the relative Notes and Coupons, shall not be discharged except by complete performance of the obligations contained in these presents in relation to the relative Notes and Coupons and is additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of any person, whether from STWL or otherwise.
- 7.7 If any moneys shall have become due and payable by the Guarantor under this guarantee, the Guarantor shall not, so long as the same remain unpaid, without the prior written consent of the Trustee:
- (a) in respect of any amounts paid by it under this guarantee, exercise any rights of subrogation or contribution or, without limitation, any other right or remedy which may accrue to it in respect of or as a result of any such payment; or
  - (b) in respect of any other moneys for the time being due to the Guarantor by the relevant Issuer, claim payment thereof or exercise any other right or remedy,

(including in either case claiming the benefit of any security or right of set-off or, on the liquidation of STWL, proving in competition with the Trustee). If, notwithstanding the foregoing, upon the bankruptcy, insolvency or liquidation of STWL any payment or distribution of assets of STWL of any kind or character, whether in cash, property or securities, shall be received by the Guarantor before payment in full of all principal of, and interest on, the relative Notes and Coupons shall have been made to the relative Noteholders and Couponholders, the Guarantor shall immediately pay to the Trustee an amount equal to such payment or distribution received by it for application in or towards the payment of all sums due and remaining unpaid under these presents in accordance with Clause 10 on the basis that Clause 10 does not apply separately and independently to each Series of the Notes, save that nothing in this Clause 7.7 shall operate so as to create any charge by the Guarantor over any such payment or distribution.

## 8. NON-PAYMENT

Proof that as regards any specified Note or Coupon the relevant Issuer or, as the case may be, the Guarantor has made default in paying any amount due in respect of such Note or Coupon shall (unless the contrary be proved) be sufficient evidence that the same default has been made as regards all other Notes or Coupons (as the case may be) in respect of which the relevant amount is due and payable.

## 9. PROCEEDINGS, ACTION AND INDEMNIFICATION

- 9.1 The Trustee shall not be bound to take any proceedings mentioned in Condition 10 or any other action in relation to these presents unless respectively directed or requested to do so (a) by an Extraordinary Resolution or (b) in writing by the holders of at least one-quarter in aggregate nominal amount of the Notes then outstanding and in either case then only if it shall be indemnified and/or secured and/or prefunded by the relevant Noteholders and/or Couponholders to its satisfaction against all proceedings, claims and demands to which it may be liable and against all costs, charges, liabilities and expenses which may be incurred by it in connection with such enforcement or appointment, including the cost of its management's time and/or other internal resources, calculated using its normal hourly rates in force from time to time.
- 9.2 Only the Trustee may enforce the provisions of these presents. No Noteholder or Couponholder shall be entitled to proceed directly against the relevant Issuer or the Guarantor to enforce the performance of any of the provisions of these presents unless the Trustee having become bound as aforesaid to take proceedings fails to do so within a reasonable period and such failure is continuing.

## 10. APPLICATION OF MONEYS

All moneys received by the Trustee under these presents from the relevant Issuer or, as the case may be, the Guarantor (including any moneys which represent principal or interest in respect of Notes or Coupons which have become void under Condition 9) shall, unless and to the extent attributable, in the opinion of the Trustee, to a particular Series of the Notes issued by the relevant Issuer, be apportioned *pari passu* and rateably between each Series of the Notes issued by the relevant Issuer, and all moneys received by the Trustee under these presents from the relevant Issuer or, as the case may be, the Guarantor to the extent attributable in the opinion of the Trustee to a particular Series of the Notes issued by the relevant Issuer or which are apportioned to such Series as aforesaid, shall be held by the Trustee upon trust to apply them (subject to Clause 12):

- (a) FIRST in payment or satisfaction of all amounts then due and unpaid under Clauses 15 and/or 16.1(j) to the Trustee and/or any Appointee;
- (b) SECONDLY in or towards payment *pari passu* and rateably of all principal and interest then due and unpaid in respect of the Notes of that Series;
- (c) THIRDLY in or towards payment *pari passu* and rateably of all principal and interest then due and unpaid in respect of the Notes of each other Series issued by the relevant Issuer; and
- (d) FOURTHLY in payment of the balance (if any) to the relevant Issuer or the Guarantor, as the case may be (without prejudice to, or liability in respect of, any question as to how such payment to the relevant Issuer shall be dealt with as between the relevant Issuer or the Guarantor and any other person).

Without prejudice to this Clause 10, if the Trustee holds any moneys which represent principal or interest in respect of Notes issued by the relevant Issuer which have become void under Condition 9

or in respect of which claims have been prescribed, the Trustee will as soon as practicable pay the same to the relevant Issuer or the Guarantor, as the case may be.

## **11. NOTICE OF PAYMENTS**

The Trustee shall give notice to the relevant Noteholders in accordance with Condition 14 of the day fixed for any payment to them under Clause 10. Such payment may be made in accordance with Condition 6 and any payment so made shall be a good discharge to the Trustee.

## **12. INVESTMENT BY TRUSTEE**

12.1 The Trustee may at its discretion and pending payment invest moneys at any time available for the payment of principal and interest on the Notes and Coupons in some or one of the investments hereinafter authorised for such periods as it may consider expedient with power from time to time at the like discretion to vary such investments. All interest and other income deriving from such investment shall be applied first in payment of all amounts then due and unpaid under Clauses 15 and/or 16.1(j) to the Trustee and/or any Appointee and otherwise held for the benefit of and paid to the Noteholders or Couponholders, as the case may be.

12.2 Any moneys which under the trusts of these presents ought to or may be invested by the Trustee may be invested in the name or under the control of the Trustee in any investments or other assets in any part of the world, in each case authorised by English law for the investment by the trustees of trust moneys whether or not they produce income or by placing the same on deposit in the name or under the control of the Trustee at such bank or other financial institution and in such currency as the Trustee may think fit. If that bank or institution is the Trustee or a subsidiary, holding or associated company of the Trustee, it need only account for an amount of interest equal to the amount of interest which would, at then current rates, be payable by it on such a deposit to an independent customer. The Trustee may at any time vary any such investments for or into other investments authorised as referred to above or convert any moneys so deposited into any other currency and shall not be responsible for any loss resulting from any such investments or deposits, whether due to depreciation in value, fluctuations in exchange rates or otherwise.

## **13. PARTIAL PAYMENTS**

Upon any payment under Clause 10 (other than payment in full against surrender of a Note or Coupon), the Note or Coupon in respect of which such payment is made shall be produced to the Trustee or the Paying Agent by or through whom such payment is made and the Trustee shall or shall cause such Paying Agent to enface thereon a memorandum of the amount and the date of payment but the Trustee may in any particular case dispense with such production and enfacement upon such indemnity being given as it shall think sufficient.

## **14. COVENANTS BY THE ISSUERS AND THE GUARANTOR**

Each of the relevant Issuer and the Guarantor severally covenants with the Trustee that so long as any of the Notes issued by it or, in the case of the Guarantor, guaranteed by it remains outstanding (or, in the case of paragraphs 14.1(h), 14.1(i), 14.1(m), 14.1(n), 14.1(p) and (r) below, so long as any of such Notes or Coupons remains liable to prescription or, in the case of paragraph (o) below, until the expiry of a period of 30 days after the Relevant Date in respect of the payment of principal in respect of all such Notes remaining outstanding at such time) it shall:

- (a) at all times carry on and conduct its affairs and procure its Subsidiaries to carry on and conduct their respective affairs in a proper and efficient manner;

- (b) so far as permitted by applicable law, give or procure to be given to the Trustee such opinions, certificates, information and evidence as it shall reasonably require and in such form as it shall reasonably require (including without limitation the procurement by the relevant Issuer or the Guarantor (as the case may be) of all such certificates called for by the Trustee pursuant to Clause 16.1(c)) for the purpose of the discharge or exercise of the duties, trusts, powers, authorities and discretions vested in it under these presents or by operation of law;
- (c) cause to be prepared and certified by its Auditors in respect of each financial accounting period accounts in such form as will comply with all relevant legal and accounting requirements and all requirements for the time being of the Stock Exchange;
- (d) at all times keep proper books of account and at any time after the occurrence of an Event of Default or a Potential Event of Default under any Notes, in the case of the relevant Issuer, issued by it or, in the case of the Guarantor, guaranteed by it or if the Trustee has reasonable grounds to believe that any such event has occurred, so far as permitted by applicable law, allow and procure its Subsidiaries to allow the Trustee and any person appointed by the Trustee to whom the Issuer, the Guarantor or the relevant Subsidiary (as the case may be) shall have no reasonable objection free access to such books of account at all reasonable times during normal business hours;
- (e) send to the Trustee (in addition to any copies to which it may be entitled as a holder of any securities of the relevant Issuer or the Guarantor) two copies in English of every balance sheet, profit and loss account, report, circular and notice of general meeting and every other document issued or sent to its shareholders together with any of the foregoing, and every document issued or sent to holders of securities other than its shareholders (including the Noteholders) as soon as practicable after the issue or publication thereof;
- (f) promptly after becoming aware thereof give notice in writing to the Trustee of the coming into existence of any security interest which would require any security to be given to any Series of the Notes issued by it, in the case of the relevant Issuer, or guaranteed by it, in the case of the Guarantor, pursuant to Condition 3 or of the occurrence of any Event of Default, Potential Event of Default, Put Event, Index Redemption Event or Change of Control under any Notes, in the case of the relevant Issuer, issued by it or, in the case of the Guarantor, guaranteed by it;
- (g) give to the Trustee (i) within 14 business days after demand by the Trustee therefor and (ii) (without the necessity for any such demand) promptly after the publication of its audited accounts in respect of each financial period commencing with the financial period ended 31 March 2008 and in any event not later than 180 days after the end of each such financial period a certificate signed by two Directors of the relevant Issuer and two Directors of the Guarantor to the effect that as at a date not more than seven days before delivering such certificate (the **certification date**) there did not exist and had not existed since the certification date of the previous certificate (or, in the case of the first such certificate, the date hereof) any Event of Default or any Potential Event of Default under any Notes, in the case of the relevant Issuer, issued by it or, in the case of the Guarantor, guaranteed by it (or, if such exists or existed, specifying the same) and that during the period from and including the certification date of the last such certificate (or, in the case of the first such certificate, the date hereof) to and including the certification date of such certificate each of the relevant Issuer and the Guarantor has complied with all its obligations contained in these presents or (if such is not the case) specifying the respects in which it has not complied;

- (h) so far as permitted by applicable law, at all times execute and do all such further documents, acts and things as may be necessary at any time or times in the reasonable opinion of the Trustee to give effect to these presents;
- (i) at all times maintain a Calculation Agent, Reference Banks and Paying Agents in accordance with these presents;
- (j) procure the Agent to notify the Trustee forthwith in the event that the Agent does not, on or before the due date for any payment in respect of the Notes or any of them or any of the Coupons issued by it, in the case of the relevant Issuer, or guaranteed by it, in the case of the Guarantor, receive unconditionally pursuant to the Agency Agreement payment of the full amount in the requisite currency of the moneys payable on such due date on all such Notes or Coupons, as the case may be;
- (k) in the event of the unconditional payment to the Agent or the Trustee of any sum due in respect of the Notes or any of them or any of the Coupons issued by it, in the case of the relevant Issuer, or guaranteed by it, in the case of the Guarantor, being made after the due date for payment thereof forthwith give or procure to be given notice to the relevant Noteholders in accordance with Condition 14 that such payment has been made;
- (l) in the case of listed Notes issued by it, in the case of the relevant Issuer, or guaranteed by it, in the case of the Guarantor, use all reasonable endeavours to maintain the listing of such Notes on the relevant Stock Exchange or, if it is unable to do so having used all reasonable endeavours, use all reasonable endeavours to obtain and maintain a quotation or listing of such Notes on such other stock exchange or exchanges or securities market or markets as the relevant Issuer may (with the prior written approval of the Trustee) decide and shall also upon obtaining a quotation or listing of such Notes on such other stock exchange or exchanges or securities market or markets enter into a trust deed supplemental to this Trust Deed to effect such consequential amendments to these presents as the Trustee may reasonably require or as shall be requisite to comply with the requirements of any such stock exchange or securities market;
- (m) give notice to the Noteholders in accordance with Condition 14 of any appointment, resignation or removal of any Calculation Agent, Reference Bank or Paying Agent after having obtained the prior written approval of the Trustee thereto (which approval shall not be unreasonably withheld or delayed) or any change of any Paying Agent's specified office and (except as provided by the Agency Agreement or the Conditions) at least 30 days prior to such event taking effect; provided always that so long as any of the Notes issued by it, in the case of the relevant Issuer, or guaranteed by it, in the case of the Guarantor, remains outstanding in the case of the termination of the appointment of the Calculation Agent or so long as any of the Notes or Coupons issued by it, in the case of the relevant Issuer, or guaranteed by it, in the case of the Guarantor, remains liable to prescription in the case of the termination of the appointment of the Agent, no such termination shall take effect until a new Calculation Agent Bank or Agent (as the case may be) has been appointed on terms previously approved in writing by the Trustee (which approval shall not be unreasonably withheld or delayed);
- (n) obtain the prior written approval of the Trustee (which approval shall not be unreasonably withheld or delayed) to, and promptly give to the Trustee two copies of, the form of every notice given to the holders of Notes issued by it, in the case of the relevant Issuer, or guaranteed by it, in the case of the Guarantor, in accordance with Condition 14 (such approval, unless so expressed, not to constitute approval for the purposes of Section 21 of the Financial Services and Markets Act 2000 of the United Kingdom (**FSMA**) of a communication within the meaning of Section 21 of the FSMA);

- (o) if the relevant Issuer or the Guarantor shall become subject generally to the taxing jurisdiction of any territory or any political sub-division or any authority therein or thereof having power to tax other than or in addition to the United Kingdom, or any such political sub-division or any such authority therein or thereof, promptly after becoming aware thereof notify the Trustee of such event and (unless the Trustee otherwise agrees) enter forthwith into a trust deed supplemental to this Trust Deed, giving to the Trustee an undertaking or covenant in form and manner satisfactory to the Trustee in terms corresponding to the terms of Condition 8 with the substitution for (or, as the case may be, the addition to) the references therein to the United Kingdom, or any political sub-division or any authority therein or thereof having power to tax of references to that other or additional territory or any political sub-division or any authority therein or thereof having power to tax, to whose taxing jurisdiction the relevant Issuer or, as the case may be, the Guarantor shall have become subject generally as aforesaid and, in such event, Condition 7(b), Condition 8, this Trust Deed, the Notes and the Coupons shall be interpreted accordingly;
- (p) comply with and perform all its obligations under the Calculation Agency Agreement and the Agency Agreement and use all reasonable endeavours to procure that the Calculation Agent and the Paying Agents comply with and perform all their respective obligations thereunder and (in the case of the Paying Agents) any notice given by the Trustee pursuant to Clause 2.3(a)(i) and not make any amendment or modification to either of such Agreements without the prior written approval of the Trustee;
- (q) in order to enable the Trustee to ascertain the nominal amount of Notes of each Series for the time being outstanding for any of the purposes referred to in the proviso to the definition of outstanding in Clause 1, deliver to the Trustee as soon as practicable after being so requested in writing by the Trustee a certificate in writing signed by two Directors of the relevant Issuer setting out the total number and aggregate nominal amount of Notes of each Series issued by it which:
  - (i) up to and including the date of such certificate have been purchased by the relevant Issuer, the Guarantor or any Subsidiary of the relevant Issuer or of the Guarantor and cancelled; and
  - (ii) are at the date of such certificate held by, for the benefit of, or on behalf of, the relevant Issuer, the Guarantor, any Subsidiary or holding company of the relevant Issuer or the Guarantor or any Subsidiary of such holding company;
- (r) procure its Subsidiaries to comply with all (if any) applicable provisions of Condition 7(h) and (j);
- (s) procure that each of the Paying Agents makes available for inspection by Noteholders and Couponholders at its specified office copies of these presents, the Agency Agreement and the then latest audited balance sheets and profit and loss accounts (consolidated if applicable) of the relevant Issuer and the Guarantor;
- (t) if, in accordance with the provisions of the Conditions, interest in respect of Notes denominated in US dollars becomes payable at the specified office of any Paying Agent in the United States of America, promptly give notice thereof to the Noteholders in accordance with Condition 14;
- (u) give to the Trustee at the same time as sending to it the certificates referred to in paragraph (g) above, a certificate by the Auditors (with a form and content satisfactory to the Trustee) listing those Subsidiaries of Severn Trent Plc (where the relevant Issuer is Severn Trent Plc) or (where the relevant Issuer is STUF) of STWL which as at the certification date (as

defined in paragraph (g) above) of the last relevant certificate given under paragraph (g) above or, as the case may be, as at the last day of the most recently ended financial period of Seven Trent Plc (where the relevant Issuer is Severn Trent Plc) or, as the case may be, STWL (where the relevant Issuer is STUF) were Material Subsidiaries for the purposes of Condition 10;

- (v) give to the Trustee, as soon as reasonably practicable after the acquisition or disposal of any company which thereby becomes or ceases to be a Material Subsidiary or after any transfer is made to any Subsidiary of Severn Trent Plc (where the relevant Issuer is Severn Trent Plc) or, as the case may be, STWL (where the relevant Issuer is STUF) which thereby becomes a Material Subsidiary, a certificate by the Auditors (with a form and content satisfactory to the Trustee) to such effect;
- (w) use all reasonable endeavours to procure that Euroclear and/or Clearstream, Luxembourg (as the case may be) issue(s) any certificate or other document requested by the Trustee under Clause 16.1(t) as soon as practicable after such request;
- (x) promptly after becoming aware thereof give notice in writing to the Trustee of the occurrence of any Restructuring Event or Put Event (each as defined in Condition 7(e));
- (y) give to the Trustee a certificate of two Directors of Severn Trent Plc specifying details of any termination of the Appointment (as defined in Condition 7(e)), such certificate to be provided promptly upon any such termination being made;
- (z) promptly provide the Trustee with copies of all supplements and/or amendments and/or restatements of the Programme Agreement; and
- (aa) upon written request provide the Trustee with information that it is reasonably able to provide about the source and character for US federal tax purposes of any payment to be made by it pursuant to these presents so as to enable the Trustee to determine whether and in what amount the Trustee is obliged to make any withholding or deduction pursuant to the Code or otherwise imposed pursuant to FATCA Withholding Tax.

## **15. REMUNERATION AND INDEMNIFICATION OF TRUSTEE**

- 15.1 The relevant Issuer shall pay to the Trustee remuneration for its services as trustee of these presents such amount as shall be agreed from time to time between the relevant Issuer and the Trustee. Such remuneration shall accrue from day to day and be payable (in priority to payments to Noteholders and Couponholders) up to and including the date when, all the Notes issued by such Issuer having become due for redemption, the redemption moneys and interest thereon to the date of redemption have been paid to the Principal Paying Agent or the Trustee provided that if upon due presentation of any Note or Coupon issued by such Issuer or any cheque payment of the moneys due in respect thereof is improperly withheld or refused, remuneration will commence again to accrue until payment to such Noteholder or Couponholder is duly made.
- 15.2 In the event of the occurrence of an Event of Default or a Potential Event of Default under the Notes issued by the relevant Issuer or the Trustee considering it necessary or expedient or being requested by the relevant Issuer or the Guarantor to undertake duties which the Trustee and the relevant Issuer or the Guarantor agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under these presents, the relevant Issuer or, as the case may be, the Guarantor shall pay to the Trustee such additional remuneration as shall be agreed between them and which may be calculated by reference to the Trustee's normal hourly rates in force from time to time.

- 15.3 The relevant Issuer shall in addition pay to the Trustee an amount equal to the amount of any applicable value added tax against production of a valid invoice for VAT purposes or similar tax chargeable in respect of its remuneration under these presents.
- 15.4 In the event of the Trustee and the relevant Issuer failing to agree:
- (a) (in a case to which Clause 15.1 above applies) upon the amount of the remuneration; or
  - (b) (in a case to which Clause 15.2 above applies) upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under these presents, or upon such additional remuneration,

such matters shall be determined by a person (acting as an expert and not as an arbitrator) selected by the Trustee and approved by the relevant Issuer or, failing such approval, nominated (on the application of the Trustee) by the President for the time being of The Law Society of England and Wales (the expenses involved in such nomination and the fees of such person being payable by the relevant Issuer) and the determination of any such person shall be final and binding upon the Trustee and the relevant Issuer.

- 15.5 The relevant Issuer shall also on written request by or on behalf of the Trustee pay or discharge all Liabilities properly incurred by the Trustee in respect of Notes issued by such Issuer in relation to the preparation and execution of, the exercise of its powers and the performance of its duties under, and in any other manner in relation to, these presents, including but not limited to reasonable travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid or payable by the Trustee in connection with any action taken by or on behalf of the Trustee for enforcing, or resolving any doubt concerning, or for any other purpose in relation to, these presents.
- 15.6 All amounts payable pursuant to Clause 15.5 above and/or Clause 16.1(j) shall be payable by the relevant Issuer on the date specified in a demand by the Trustee and in the case of payments actually made by the Trustee prior to such demand shall (if not paid within three days after such demand and the Trustee so requires) carry interest at such rate as the Trustee would be required to pay or does pay in the event that it borrows to make the payment from the date specified in such demand, and in all other cases shall (if not paid on the date specified in such demand or, if later, within three days after such demand and, in either case, the Trustee so requires) carry interest at such rate from the date specified in such demand. All remuneration payable to the Trustee shall carry interest at a rate equal to the Trustee's costs of borrowing from the due date therefor. A certificate from the Trustee as to the Trustee's cost of borrowing on any particular date shall be conclusive and binding on the relevant Issuer. All remuneration payable to the Trustee shall carry interest at the rate specified in this Clause 15.6 from the due date therefor.
- 15.7 Unless otherwise specifically stated in any discharge of these presents the provisions of this Clause and Clause 16.1(j) shall continue in full force and effect notwithstanding such discharge.
- 15.8 The Trustee shall be entitled in its absolute discretion to determine in respect of which Series of Notes any Liabilities incurred under these presents have been incurred or to allocate any such Liabilities between the Notes of any Series.

## **16. SUPPLEMENT TO TRUSTEE ACTS**

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Trustee in relation to the trusts constituted by these presents. Where there are any inconsistencies between the Trustee Acts and the provisions of these presents, the provisions of these presents shall, to the extent allowed by law, prevail and, in the case of any such inconsistency with the Trustee Act 2000, the provisions of these presents shall constitute a restriction or exclusion for the purposes of that Act. The Trustee shall

have all the powers conferred upon trustees by the Trustee Acts and by way of supplement thereto it is expressly declared as follows:

- (a) The Trustee may in relation to these presents act on the advice or opinion of or any information obtained from any lawyer, valuer, accountant, surveyor, banker, broker, auctioneer or other expert considered by the Trustee to be of good repute whether obtained by the relevant Issuer, the Guarantor, the Trustee or otherwise and shall not be responsible for any Liability occasioned by acting on any such advice, opinion or information. The Trustee may rely without liability to Noteholders or Couponholders on any certificate or report prepared by the Auditors pursuant to these presents whether or not addressed to the Trustee. The Trustee may rely on certificates or reports from the Auditors whether or not any such certificate or report or any engagement letter or other document entered into by the Trustee and the Auditors in connection therewith contains any limit on the liability of the Auditors.
- (b) Any such advice, opinion or information may be sent or obtained by letter, telegram, facsimile transmission, electronic mail or cable and the Trustee shall not be liable for acting in good faith on any advice, opinion or information purporting to be conveyed by any such letter, telegram, facsimile transmission, electronic mail or cable although the same shall contain some error or shall not be authentic.
- (c) The Trustee may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing a certificate signed by two Directors of the relevant Issuer or two Directors of the Guarantor and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any Liability that may be occasioned by it or any other person acting on such certificate.
- (d) The Trustee shall be at liberty to hold these presents and any other documents relating thereto or to deposit them in any part of the world with any banker or banking company or company whose business includes undertaking the safe custody of documents or lawyer or firm of lawyers considered by the Trustee to be of good repute and the Trustee shall not be responsible for or required to insure against any Liability incurred in connection with any such holding or deposit and may pay all sums required to be paid on account of or in respect of any such deposit.
- (e) The Trustee shall not be responsible for the receipt or application of the proceeds of the issue of any of the Notes by the relevant Issuer, the exchange of any Global Note for another Global Note or Definitive Notes or the delivery of any Global Note or Definitive Notes to the person(s) entitled to it or them.
- (f) The Trustee shall not be bound to give notice to any person of the execution of any documents comprised or referred to in these presents or to take any steps to ascertain whether any Event of Default, Potential Event of Default, Put Event, Index Redemption Event or Change of Control has occurred and, until it shall have actual knowledge or express notice pursuant to these presents to the contrary, the Trustee shall be entitled to assume that no Event of Default, Potential Event of Default, Put Event, Index Redemption Event or Change of Control has occurred and each of the relevant Issuer and the Guarantor is observing and performing all its obligations under these presents.
- (g) Save as expressly otherwise provided in these presents, the Trustee shall have absolute and uncontrolled discretion as to the exercise or non-exercise of its trusts, powers, authorities and discretions under these presents (the exercise or non-exercise of which as between the Trustee and the Noteholders and the Couponholders shall be conclusive and binding on the

Noteholders and the Couponholders) and shall not be responsible for any Liability which may result from their exercise or non-exercise.

- (h) The Trustee shall not be liable to any person by reason of having acted upon any Extraordinary Resolution in writing or any Extraordinary Resolution or other resolution purporting to have been passed at any meeting of the holders of Notes of all or any Series in accordance with the provisions of Schedule 3 in respect whereof minutes have been made and signed or any Extraordinary Resolution passed by way of electronic consents received through the relevant Clearing System(s) in accordance with these presents even though subsequent to its acting it may be found that there was some defect in the constitution of the meeting or the passing of the resolution (in the case of an Extraordinary Resolution in writing) that not all such holders had signed the Extraordinary Resolution or (in the case of an Extraordinary Resolution passed by electronic consents received through the relevant Clearing System(s)) it was not approved by the requisite number of Noteholders or that for any reason the resolution was not valid or binding upon such holders and the relative Couponholders.
- (i) The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any Note or Coupon purporting to be such and subsequently found to be forged or not authentic.
- (j) Without prejudice to the right of indemnity by law given to trustees, each of the relevant Issuer and the Guarantor shall in relation to Notes issued by it or, in the case of the Guarantor, guaranteed by it indemnify the Trustee and every Appointee and keep it or him indemnified against all Liabilities to which it or he may be or become subject or which may be incurred by it or him in the execution or purported execution of any of its or his trusts, powers, authorities and discretions under these presents or its or his functions under any such appointment or in respect of any other matter or thing done or omitted in any way relating to these presents or any such appointment.
- (k) Any consent or approval given by the Trustee for the purposes of these presents may be given on such terms and subject to such conditions (if any) as the Trustee thinks fit and notwithstanding anything to the contrary in these presents may be given retrospectively.
- (l) The Trustee shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be required to disclose to any Noteholder or Couponholder any information (including, without limitation, information of a confidential, financial or price sensitive nature) made available to the Trustee by the relevant Issuer, the Guarantor or any other person in connection with these presents and no Noteholder or Couponholder shall be entitled to take any action to obtain from the Trustee any such information.
- (m) Where it is necessary or desirable for any purpose in connection with these presents to convert any sum from one currency to another it shall (unless otherwise provided by these presents or required by law) be converted at such rate or rates, in accordance with such method and as at such date for the determination of such rate of exchange, as may be agreed by the Trustee in consultation with the relevant Issuer and any rate, method and date so agreed shall be binding on the relevant Issuer, the Guarantor, the Noteholders and the Couponholders.
- (n) The Trustee as between itself and the Noteholders and the Couponholders may determine all questions and doubts arising in relation to any of the provisions of these presents. Every such determination, whether or not relating in whole or in part to the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Noteholders and the Couponholders.

- (o) In connection with the exercise by it of any of its trusts, powers, authorities or discretions under these presents (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders (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 Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the relevant Issuer, the Guarantor, the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking given in addition thereto or in substitution therefor under these presents.
- (p) Any trustee of these presents being a lawyer, accountant, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual and proper professional and other charges for business transacted and acts done by him or his firm in connection with the trusts of these presents and also his reasonable charges in addition to disbursements for all other work and business done and all time spent by him or his firm in connection with matters arising in connection with these presents.
- (q) The Trustee may whenever it thinks fit delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons (whether being a joint trustee of these presents or not) all or any of its trusts, powers, authorities and discretions. Such delegation may be made upon such terms (including power to sub-delegate) and subject to such conditions and regulations as the Trustee may in the interests of the Noteholders think fit. The Trustee shall not be under any obligation to supervise the proceedings or acts of any such delegate or sub-delegate or be in any way responsible for any Liability incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate. The Trustee shall within a reasonable time after any such delegation or any renewal, extension or termination thereof give notice thereof to the relevant Issuer.
- (r) The Trustee may in the conduct of the trusts of these presents instead of acting personally employ and pay an agent (whether being a lawyer or other professional person) to transact or conduct, or concur in transacting or conducting, any business and to do, or concur in doing, all acts required to be done in connection with these presents (including the receipt and payment of money). The Trustee shall not be in any way responsible for any Liability incurred by reason of any misconduct or default on the part of any such agent or be bound to supervise the proceedings or acts of any such agent.
- (s) The Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of these presents or any other document relating or expressed to be supplemental thereto and shall not be liable for any failure to obtain any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of these presents or any other document relating or expressed to be supplemental thereto.
- (t) The Trustee may call for and shall rely on any records, certificate or other document of or to be issued by Euroclear or Clearstream, Luxembourg in relation to any determination of the principal amount of Notes represented by a NGN or a CGN. Any such records, certificate or other document shall be conclusive and binding for all purposes. The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any

certificate or other document to such effect purporting to be issued by Euroclear or Clearstream, Luxembourg and subsequently found to be forged or not authentic.

- (u) The Trustee shall not be responsible to any person for failing to request, require or receive any legal opinion relating to the Notes of any Series or for checking or commenting upon the content of any such legal opinion.
- (v) Any certificate or report of the Auditors of the Guarantor or any other person called for by or provided to the Trustee in accordance with or for the purposes of these presents may be relied upon by the Trustee as sufficient evidence of the facts stated therein whether or not such certificate or report and/or any engagement letter or other document entered by the Trustee in connection therewith contains a monetary or other limit on the liability of the Auditors of the Guarantor or such other person in respect thereof.
- (w) The Trustee shall not be concerned, and need not enquire, as to whether or not any Notes are issued in breach of the Programme Limit.
- (x) No provision of these presents shall require the Trustee to do anything which may in its opinion be illegal or contrary to applicable law or regulation.
- (y) Nothing contained in these presents shall require the Trustee to expend or risk its own funds or otherwise incur any Liability in the performance of any of its duties or in the exercise of any of its rights, powers, authorities or discretions hereunder if it shall have grounds for believing that repayment of such funds or adequate indemnity against, or security for, such risk or Liability is not assured to it.
- (z) In determining whether an indemnity or any security is satisfactory to it, the Trustee shall be entitled to evaluate its risk in given circumstances by considering the worst-case scenario and, for this purpose, it may take into account, without limitation, the potential costs of defending or commencing proceedings in England or elsewhere and the risk, however remote, of any award of damages against it in England or elsewhere.
- (aa) The Trustee shall be entitled to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.
- (bb) The Trustee shall be entitled to deduct FATCA Withholding Tax and shall have no obligation to gross up any payment hereunder or to pay any additional amount as a result of such FATCA Withholding Tax.

## **17. TRUSTEE'S LIABILITY**

Nothing in these presents shall in any case in which the Trustee has failed to show the degree of care and diligence required of it as trustee having regard to the provisions of these presents conferring on it any trusts, powers, authorities or discretions exempt the Trustee from or indemnify it against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to it in respect of any negligence, default, breach of duty or breach of trust of which it may be guilty in relation to its duties under these presents.

## **18. TRUSTEE CONTRACTING WITH THE ISSUERS AND THE GUARANTOR**

Neither the Trustee nor any director or officer or holding company, Subsidiary or associated company of a corporation acting as a trustee under these presents shall by reason of its or his fiduciary position be in any way precluded from:

- (a) entering into or being interested in any contract or financial or other transaction or arrangement with any Issuer or the Guarantor or any person or body corporate associated with any Issuer or the Guarantor (including, without limitation, any contract, transaction or arrangement of a banking or insurance nature or any contract, transaction or arrangement in relation to the making of loans or the provision of financial facilities or financial advice to, or the purchase, placing or underwriting of or the subscribing or procuring subscriptions for or otherwise acquiring, holding or dealing with, or acting as paying agent in respect of, the Notes or any other notes, bonds, stocks, shares, debenture stock, debentures or other securities of, any Issuer or the Guarantor or any person or body corporate associated as aforesaid); or
- (b) accepting or holding the trusteeship of any other trust deed constituting or securing any other securities issued by or relating to any Issuer or the Guarantor or any such person or body corporate so associated or any other office of profit under any Issuer or the Guarantor or any such person or body corporate so associated,

and shall be entitled to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such contract, transaction or arrangement as is referred to in paragraph (a) above or, as the case may be, any such trusteeship or office of profit as is referred to in paragraph (b) above without regard to the interests of the Noteholders and notwithstanding that the same may be contrary or prejudicial to the interests of the Noteholders and shall not be responsible for any Liability occasioned to the Noteholders thereby and shall be entitled to retain and shall not be in any way liable to account for any profit made or share of brokerage or commission or remuneration or other amount or benefit received thereby or in connection therewith.

Where any holding company, subsidiary or associated company of the Trustee or any director or officer of the Trustee acting other than in his capacity as such a director or officer has any information, the Trustee shall not thereby be deemed also to have knowledge of such information and, unless it shall have actual knowledge of such information, shall not be responsible for any loss suffered by Noteholders resulting from the Trustee's failing to take such information into account in acting or refraining from acting under or in relation to these presents.

## **19. WAIVER, AUTHORISATION AND DETERMINATION**

- 19.1 The Trustee may without the consent or sanction of the Noteholders or the Couponholders and without prejudice to its rights in respect of any subsequent breach, Event of Default or Potential Event of Default from time to time and at any time but only if and in so far as in its opinion the interests of the Noteholders shall not be materially prejudiced thereby waive or authorise any breach or proposed breach by the relevant Issuer or the Guarantor of any of the covenants or provisions contained in these presents or determine that any Event of Default or Potential Event of Default shall not be treated as such for the purposes of these presents provided always that the Trustee shall not exercise any powers conferred on it by this Clause in contravention of any express direction given by Extraordinary Resolution or by a request under Condition 10 but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding on the Noteholders and the Couponholders and, if, but only if, the Trustee shall so require, shall be notified by the relevant Issuer to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

## **MODIFICATION**

- 19.2 The Trustee may without the consent or sanction of the Noteholders or the Couponholders at any time and from time to time concur with the relevant Issuer and the Guarantor in making any modification (a) to these presents which in the opinion of the Trustee it may be proper to make provided that the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Noteholders or (b) to these presents if in the opinion of the Trustee such modification is of a formal, minor or technical nature or to correct a manifest error or and error which is, in the opinion of the Trustee, proven. Any such modification may be made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding upon the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, shall be notified by the relevant Issuer to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

## **BREACH**

- 19.3 Any breach of or failure to comply with any such terms and conditions as are referred to in Clauses 19.1 and 19.2 shall constitute a default by the relevant Issuer or, as the case may be, the Guarantor in the performance or observance of a covenant or provision binding on it under or pursuant to these presents.

## **20. HOLDER OF DEFINITIVE NOTE ASSUMED TO BE COUPONHOLDER**

- 20.1 Wherever in these presents the Trustee is required or entitled to exercise a power, trust, authority or discretion under these presents, except as ordered by a court of competent jurisdiction or as required by applicable law, the Trustee shall, notwithstanding that it may have express notice to the contrary, assume that each Noteholder is the holder of all Coupons appertaining to each Definitive Note of which he is the holder.

## **NO NOTICE TO COUPONHOLDERS**

- 20.2 Neither the Trustee nor the relevant Issuer shall be required to give any notice to the Couponholders for any purpose under these presents and the Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with Condition 14.

## **21. CURRENCY INDEMNITY**

The relevant Issuer and the Guarantor shall severally indemnify the Trustee, every Appointee, the Noteholders and the Couponholders and keep them indemnified against:

- (a) any Liability incurred by any of them arising from the non-payment by the relevant Issuer or the Guarantor of any amount due to the Trustee or the Noteholders of the Notes and the relative Couponholders under these presents by reason of any variation in the rates of exchange between those used for the purposes of calculating the amount due under a judgment or order in respect thereof and those prevailing at the date of actual payment by the relevant Issuer or, as the case may be, the Guarantor; and
- (b) any deficiency arising or resulting from any variation in rates of exchange between (i) the date as of which the local currency equivalent of the amounts due or contingently due under these presents (other than this Clause) is calculated for the purposes of any bankruptcy, insolvency or liquidation of the relevant Issuer or the Guarantor and (ii) the final date for ascertaining the amount of claims in such bankruptcy, insolvency or liquidation. The amount of such deficiency shall be deemed not to be reduced by any variation in rates of exchange occurring between the said final date and the date of any distribution of assets in connection with any such bankruptcy, insolvency or liquidation.

The above indemnities shall constitute obligations of the relevant Issuer or, as the case may be, the Guarantor separate and independent from its other obligations under the other provisions of these presents and shall apply irrespective of any indulgence granted by the Trustee or the Noteholders or the Couponholders from time to time and shall continue in full force and effect notwithstanding the judgment or filing of any proof or proofs in any bankruptcy, insolvency or liquidation of the relevant Issuer or, as the case may be, the Guarantor for a liquidated sum or sums in respect of amounts due under these presents (other than this Clause). Any such deficiency as aforesaid shall be deemed to constitute a loss suffered by the Noteholders and the Couponholders and no proof or evidence of any actual loss shall be required by the relevant Issuer or, as the case may be, the Guarantor or its liquidator or liquidators.

## **22. NEW TRUSTEE**

- 22.1 The power to appoint a new trustee of these presents shall be vested in the Issuers jointly but no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution. One or more persons may hold office as trustee or trustees of these presents but such trustee or trustees shall be or include a Trust Corporation. Whenever there shall be more than two trustees of these presents the majority of such trustees shall be competent to execute and exercise all the duties, powers, trusts, authorities and discretions vested in the Trustee by these presents provided that a Trust Corporation shall be included in such majority. Any appointment of a new trustee of these presents shall as soon as practicable thereafter be notified by the Issuers to the Agent and, in accordance with Condition 14, the Noteholders.

### **SEPARATE AND CO-TRUSTEES**

- 22.2 Notwithstanding the provisions of Clause 22.1 above, the Trustee may, upon giving prior written notice to each Issuer and the Guarantor but without the consent of the relevant Issuer, the Guarantor, the Noteholders or the Couponholders, appoint any person established or resident in any jurisdiction (whether a Trust Corporation or not) to act either as a separate trustee or as a co-trustee jointly with the Trustee:
- (a) if the Trustee considers such appointment to be in the interests of the Noteholders;
  - (b) for the purposes of conforming to any legal requirements, restrictions or conditions in any jurisdiction in which any particular act or acts is or are to be performed; or
  - (c) for the purposes of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction of either a judgment already obtained or any of the provisions of these presents against the relevant Issuer or, as the case may be, the Guarantor.

The relevant Issuer irrevocably appoints the Trustee to be its attorney in its name and on its behalf to execute any such instrument of appointment. Such a person shall (subject always to the provisions of these presents) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Trustee by these presents) and such duties and obligations as shall be conferred or imposed by the instrument of appointment. The Trustee shall have power in like manner to remove any such person. Such reasonable remuneration as the Trustee may pay to any such person, together with any attributable Liabilities incurred by it in performing its function as such separate trustee or co-trustee, shall for the purposes of these presents be treated as Liabilities incurred by the Trustee.

## **23. TRUSTEE'S RETIREMENT AND REMOVAL**

A trustee of these presents may retire at any time on giving not less than three months' prior written notice to the Issuers without giving any reason and without being responsible for any Liabilities incurred by reason of such retirement. The Noteholders may by Extraordinary Resolution remove

any trustee or trustees for the time being of these presents. The Issuers jointly undertake that in the event of the only trustee of these presents which is a Trust Corporation giving notice under this Clause or being removed by Extraordinary Resolution they will use all reasonable endeavours to procure that a new trustee of these presents being a Trust Corporation is appointed as soon as reasonably practicable thereafter. The retirement or removal of any such trustee shall not become effective until a successor trustee being a Trust Corporation is appointed.

## 24. TRUSTEE'S POWERS TO BE ADDITIONAL

The powers conferred upon the Trustee by these presents shall be in addition to any powers which may from time to time be vested in the Trustee by the general law or as a holder of any of the Notes or Coupons.

## 25. SUBSTITUTION

25.1 (a) The Trustee may, without the consent of the Noteholders or Couponholders, at any time agree to the substitution in place of the relevant Issuer (or of the previous substitute under this Clause) as the principal debtor under these presents of:

- (i) where the relevant Issuer is STUF (A) STWL or (B) any successor company of the relevant Issuer or STWL or (C) any other Subsidiary (other than an Excluded Subsidiary) of STWL or any such successor company or (D) any holding company of STWL or any such successor company (such substituted company being hereinafter called the **New Company**); and
- (ii) where the relevant Issuer is Severn Trent Plc (A) any successor company of the relevant Issuer or (B) any Subsidiary (other than an Excluded Subsidiary) of the relevant Issuer or any such successor company or (C) any holding company of the relevant Issuer or any such successor company (such substituted company being hereinafter also called the **New Company**),

provided that a trust deed is executed or some other form of undertaking is given by the New Company in form and manner satisfactory to the Trustee, agreeing to be bound by the provisions of these presents with any consequential amendments which the Trustee may deem appropriate as fully as if the New Company had been named in these presents as the principal debtor in place of the relevant Issuer (or of the previous substitute under this Clause) and provided further that (except, in the case of paragraph (i) above, where the New Company is STWL or a successor company of STWL, and in the case of paragraph (ii) above, where the New Company is Severn Trent Plc or a successor company of Severn Trent Plc and, in either case, where the New Company is a successor company of the relevant Issuer) the Guarantor or its successor company, in the case of paragraph (i) and paragraph (ii) above or the relevant Issuer or its successor company unconditionally and irrevocably guarantees all amounts payable under these presents, in any such case to the satisfaction of the Trustee.

(b) The following further conditions shall apply to paragraph (a) above:

- (i) the relevant Issuer, the Guarantor and the New Company shall comply with such other requirements as the Trustee may direct in the interests of the Noteholders;
- (ii) where the New Company is subject generally to the taxing jurisdiction of a territory other than or in addition to the United Kingdom, or any political sub-division or any authority therein or thereof having power to tax, undertakings or covenants shall be given by the New Company in terms corresponding to the provisions of Condition 8

with the substitution for (or, as the case may be, the addition to) the references to the United Kingdom, of references to that other or additional territory to whose taxing jurisdiction the New Company is subject generally as aforesaid and (in such event) Condition 7(b), Condition 8, this Trust Deed, the Notes and the Coupons shall be interpreted accordingly;

- (iii) without prejudice to the rights of reliance of the Trustee under paragraph (iv) below, the Trustee is satisfied that the relevant transaction is not materially prejudicial to the interests of the Noteholders; and
- (iv) if two Directors of the New Company (or other officers acceptable to the Trustee) shall certify that the New Company is solvent at the time at which the relevant transaction is proposed to be effected (which certificate the Trustee may rely upon absolutely) the Trustee shall not be under any duty to have regard to the financial condition, profits or prospects of the New Company or to compare the same with those of the relevant Issuer or the previous substitute under this Clause, as applicable.

25.2 (a) The Trustee may, without the consent of the Noteholders or Couponholders, at any time agree to the substitution in place of the Guarantor (or of the previous substitute under this Clause) as the guarantor under these presents of (i) a successor company of the Guarantor or (ii) any Subsidiary (other than an Excluded Subsidiary) of the Guarantor acceptable to the Trustee (such substituted company being hereinafter called the **New Guarantor**) provided that a trust deed is executed or some other form of undertaking is given by the New Guarantor in form and manner satisfactory to the Trustee, agreeing to be bound by the provisions of these presents with any consequential amendments which the Trustee may deem appropriate as fully as if the New Guarantor had been named in these presents as the guarantor in place of the Guarantor (or of the previous substitute under this Clause) and provided further that (except where the New Guarantor is a successor company of the Guarantor) the Guarantor unconditionally and irrevocably guarantees all amounts payable under these presents to the satisfaction of the Trustee and provided further that the New Guarantor shall have the benefit of the Appointment.

(b) The following further conditions shall apply to paragraph 25.2(a) above:

- (i) the relevant Issuer, the Guarantor and the New Guarantor shall comply with such other requirements as the Trustee may direct in the interests of the Noteholders;
- (ii) where the New Guarantor is subject generally to the taxing jurisdiction of a territory other than or in addition to the United Kingdom or any political sub-division or any authority therein or thereof having power to tax, undertakings or covenants shall be given by the New Guarantor in terms corresponding to the provisions of Condition 8 with the substitution for (or, as the case may be, the addition to) the references to the United Kingdom of references to that other or additional territory to whose taxing jurisdiction the New Guarantor is subject generally as aforesaid and (in such event) Condition 7(b), Condition 8, this Trust Deed, the Notes and Coupons shall be interpreted accordingly;
- (iii) without prejudice to the rights of reliance of the Trustee under paragraph (iv) below, the Trustee is satisfied that the relevant transaction is not materially prejudicial to the interests of the Noteholders; and
- (iv) if two Directors of the New Guarantor (or other officers acceptable to the Trustee) shall certify that the New Guarantor is solvent at the time at which the relevant

transaction is proposed to be effected (which certificate the Trustee may rely upon absolutely) the Trustee shall not be under any duty to have regard to the financial condition, profits or prospects of the New Guarantor or to compare the same with those of the Guarantor or the previous substitute under this Clause, as applicable.

25.3 Any such trust deed or undertaking as is referred to in Clause (a) or (a) above shall, if so expressed, operate to release the relevant Issuer or, as the case may be, the Guarantor or the previous substitute as aforesaid from all of its obligations as principal debtor or, as the case may be, guarantor under these presents. Not later than 14 business days after the execution of such documents and compliance with such requirements, the New Company or, as the case may be, the New Guarantor shall give notice thereof in a form previously approved by the Trustee to the Noteholders in the manner provided in Condition 14. Upon the execution of such documents and compliance with such requirements, the New Company or, as the case may be, the New Guarantor shall be deemed to be named in these presents as the principal debtor in place of the relevant Issuer (or in place of the previous substitute under Clause (a) above) under these presents or, as the case may be, as guarantor in place of the Guarantor (or in place of the previous substitute under Clause (a) above) under these presents and these presents shall be deemed to be modified in such manner as shall be necessary to give effect to the above provisions and, without limitation, references in these presents to the Issuer or, as the case may be, the Guarantor shall, unless the context otherwise requires, be deemed to be or include references to the New Company or, as the case may be, the New Guarantor.

## 26. NOTICES

Any notice or demand to the Issuers, the Guarantor or the Trustee to be given, made or served for any purposes under these presents shall be given, made or served by sending the same by pre-paid post (first class if inland, first class airmail if overseas) or facsimile transmission or by delivering it by hand as follows:

To Severn Trent Plc:     Severn Trent Centre  
                                  2 St John's Street  
                                  Coventry  
                                  CV1 2LZ  
                                  United Kingdom  
  
                                  (Attention: the Group Treasurer)  
                                  Facsimile No. +44 247 771 5869

To STUF:                    Severn Trent Centre  
                                  2 St John's Street  
                                  Coventry  
                                  CV1 2LZ  
                                  United Kingdom  
  
                                  (Attention: the Group Treasurer)  
                                  (Copy to STWL)  
                                  Facsimile No. +44 247 771 5869

To STWL:                    Severn Trent Centre  
                                  2 St John's Street  
                                  Coventry  
                                  CV1 2LZ  
                                  United Kingdom  
  
                                  (Attention: the Group Treasurer)

Facsimile No. +44 247 771 5869

To the Trustee: Fifth Floor  
100 Wood Street  
London  
EC2V 7EX  
United Kingdom

(Attention: the Manager – Trust Management)  
Facsimile No. 020 7606 0643

or to such other address or facsimile number as shall have been notified (in accordance with this Clause) to the other parties hereto and any notice or demand sent by post as aforesaid shall be deemed to have been given, made or served when received and any notice or demand sent by facsimile transmission as aforesaid shall be deemed to have been given, made or served 24 hours after the time of despatch provided that in the case of a notice or demand given by facsimile transmission such notice or demand shall forthwith be confirmed by post. The failure of the addressee to receive such confirmation shall not invalidate the relevant notice or demand given by facsimile transmission.

**27. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a party to this Trust Deed or any trust deed supplemental hereto has no right by virtue of the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Trust Deed or any trust deed supplemental hereto, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

**28. GOVERNING LAW**

These presents, and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

**29. SUBMISSION TO JURISDICTION**

Severn Trent Plc, STUF and STWL irrevocably agree for the benefit of the Trustee, the Noteholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with these presents and accordingly submit to the exclusive jurisdiction of the English courts. Severn Trent Plc, STUF and STWL waive any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Noteholders and the Couponholders (without prejudice to Clause 9) may take any suit, action or proceeding arising out of or in connection with this Trust Deed (together referred to as **Proceedings**) against Severn Trent Plc, STUF and STWL in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

**30. COUNTERPARTS**

This Trust Deed and any trust deed supplemental hereto may be executed and delivered in any number of counterparts, all of which, taken together, shall constitute one and the same deed and any party to this Trust Deed or any trust deed supplemental hereto may enter into the same by executing and delivering a counterpart.

**IN WITNESS WHEREOF** this Trust Deed has been executed as a deed by the Issuers, the Guarantor and the Trustee and delivered on the date first stated on page 1.

## SCHEDULE 1

### TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the London Stock Exchange or other relevant authority (if any) and agreed by the relevant Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes will complete the following Terms and Conditions for the purpose of such Notes, including specifying whether or not certain provisions of the following Terms and Conditions apply to such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note.*

This Note is one of a Series (as defined below) of Notes issued by Severn Trent Plc ("Severn Trent") or Severn Trent Utilities Finance Plc ("STUF" and, together with Severn Trent, the "Issuers" and each an "Issuer") constituted by a Trust Deed dated 18 December 2000 (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "Trust Deed") and made between the Issuers, Severn Trent Water Limited ("STWL" or the "Guarantor") in its capacity as guarantor of Notes issued by STUF and The Law Debenture Trust Corporation p.l.c. as trustee (the "Trustee", which expression shall include any successor trustee) for the holders of the Notes (the "Noteholders" or "holders" which expression shall mean in relation to Notes in definitive form, the bearers thereof, and shall, in relation to Notes represented by a Global Note, be construed as provided below).

References in these Terms and Conditions to the "Issuer" shall be to the Issuer of the relevant Notes specified as such in the applicable Final Terms (as defined below). References in these Terms and Conditions to the "Guarantor" shall only be applicable if STUF is specified as the Issuer of the Notes in the applicable Final Terms.

References in these Terms and Conditions to the "Notes" shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a "Global Note"), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

References in these Terms and Conditions to "Specified Denomination(s)" shall mean in relation to any Series of Notes, the denomination or denominations specified as such in the relevant Final Terms which shall be not less than €100,000 or its equivalent in the currency in which the Notes are denominated as at the date of the relevant Final Terms. The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement dated 21 June 2017 (such agency agreement as further amended and/or supplemented and/or restated from time to time, the "Agency Agreement") made between the relevant Issuer(s), the Guarantor and HSBC Bank plc as issuing and principal paying agent and agent bank (the "Agent", which expression shall include any successor agent), the Trustee and the other paying agents named therein (together with the Agent, unless the context otherwise requires, the "Paying Agents", which expression shall include any additional or successor paying agents). References in these Terms and Conditions to the "Agency Agreement" shall be to the agreement to which the Issuer, as specified in the applicable Final Terms, is party in its capacity as an Issuer.

Interest bearing definitive Notes have interest coupons ("Coupons") and, if indicated in the applicable Final Terms, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the "Terms and Conditions"). References in these Terms and Conditions to the "applicable Final Terms" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference in these Terms and Conditions to "Couponholders" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used in these Terms and Conditions, "Tranche" means Notes which are identical in all respects (including as to listing) and "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including, if applicable, as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office of the Trustee (being at 21 June 2017 at Fifth Floor, 100 Wood Street, London EC2V 7EX) and at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing and obtainable during normal business hours at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are deemed to have notice of, are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed or in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

## **1. Form Denomination and Title**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index-Linked Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Index-Linked Redemption Note, depending on the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer, the Guarantor, the Trustee and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("Euroclear") and/or Clearstream Banking S.A. ("Clearstream, Luxembourg"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Trustee and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, the Guarantor, the Trustee and the Paying Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error be conclusive and binding on all concerned. Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Agent and the Trustee.

## **2. Status of the Notes and the Guarantee**

### **(a) *Status of the Notes***

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (subject as aforesaid and save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

### **(b) *Status of the Guarantee***

The payment of principal and interest (if any) in respect of the Notes issued by STUF and all other moneys payable by STUF under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed (the "Guarantee"). The obligations of the Guarantor under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Guarantor and (subject as aforesaid and save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.

## **3. Negative Pledge**

- (a) So long as any of the Notes remains outstanding (as defined in the Trust Deed), the Issuer will not create or permit to subsist any mortgage, charge, lien (other than a lien arising solely by operation of law) or other encumbrance (each a "Security Interest") upon the whole or any part of its undertaking or assets, present or future, to secure payment of any present or future Relevant Indebtedness or to secure any guarantee or indemnity in respect of any present or future Relevant Indebtedness, without at the same time according to the Notes, to the satisfaction of the Trustee, the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity, or such other arrangement (whether or not it includes the creation of a Security Interest) as the Trustee shall in its

absolute discretion deem not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

- (b) So long as any of the Notes remains outstanding, the Guarantor will not create or permit to subsist any Security Interest upon the whole or any part of its undertaking or assets, present or future, to secure payment of any present or future Relevant Indebtedness or to secure any guarantee or indemnity in respect of any present or future Relevant Indebtedness, without at the same time according to its obligations under the Guarantee, to the satisfaction of the Trustee, the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity, or such other arrangement (whether or not it includes the creation of a Security Interest) as the Trustee shall in its absolute discretion deem not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution of the Noteholders.

- (c) In these Terms and Conditions:

"Excluded Subsidiary" means Severn Trent Services International (Overseas Holdings) Limited, Severn Trent Services Operations UK Limited, Severn Trent Services Defence Limited and Severn Trent Services Defence Holdings Limited and any other Subsidiary of (x) if the Issuer is Severn Trent, the Issuer; or (y) if the Issuer is STUF, the Guarantor (but excluding STUF): (a) which is a single purpose company whose principal assets and business are constituted by a project, (b) none of whose liabilities in respect of the financing of such project are directly or indirectly the subject of security or a guarantee, indemnity or any other form of assurance, undertaking or support from any member of the Group other than such Subsidiary or another Excluded Subsidiary and (c) which has been designated as such by the Issuer by written notice to the Trustee; provided that the Issuer may give written notice to the Trustee at any time that any Excluded Subsidiary is no longer an Excluded Subsidiary, whereupon it shall cease to be an Excluded Subsidiary;

"Group" means, (x) if the Issuer is Severn Trent, the Issuer and its Subsidiary Undertakings and (y) if the Issuer is STUF, the Guarantor and its Subsidiary Undertakings and "member of the Group" shall be construed accordingly;

"Project Finance Indebtedness" means any present or future indebtedness incurred to finance the ownership, acquisition, development and/or operation of an asset, whether or not an asset of a member of the Group:

- (a) which is incurred by an Excluded Subsidiary; or
- (b) in respect of which the person or persons to whom any such indebtedness is or may be owed by the relevant borrower (whether or not a member of the Group) has or have no recourse whatsoever to any member of the Group (other than an Excluded Subsidiary) for the repayment thereof other than:
- (i) recourse for amounts limited to the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such asset; or
- (ii) recourse for the purpose only of enabling amounts to be claimed in respect of such indebtedness in an enforcement of any encumbrance given by such borrower over such asset or the income, cash flow or other proceeds deriving therefrom (or given by any shareholder or the like in the borrower over its shares or the like in the capital of the borrower) to secure such indebtedness, provided that (A) the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement, and (B) such person or persons is/are not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding up or dissolution of any member of the Group (other than an Excluded Subsidiary) or to appoint or procure the

appointment of any receiver, trustee or similar person or officer in respect of any member of the Group (other than an Excluded Subsidiary) or any of its assets (save for the assets the subject of such encumbrance); and/or

- (iii) recourse under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof or any obligation to comply or to procure compliance by another with financial ratios or other tests of financial condition);

"Relevant Indebtedness" means any indebtedness (other than Project Finance Indebtedness), which is in the form of, or represented or evidenced by, bonds, notes, loan stock or other securities which are quoted, listed, dealt in or traded on a stock exchange, or over the counter or other recognised securities market;

"Subsidiary" means a subsidiary within the meaning of section 1159 of the Companies Act 2006; and

"Subsidiary Undertaking" means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006.

#### **4. Interest**

##### **(a) *Interest on Fixed Rate Notes***

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (but excluding) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Terms and Conditions, "Fixed Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is greater than the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the amount (determined in the manner provided above) calculated in respect of the Calculation Amount multiplied by a fraction, the numerator of which is the Specified Denomination of such Fixed Rate Note in question and the denominator of which is the Calculation Amount, without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
  - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - 1. the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
    - 2. the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Terms and Conditions:

"Determination Period" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"sub-unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) *Interest on Floating Rate Notes*

(i) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "Interest Payment Date") which falls the number

of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, "Business Day" means a day which is:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (B) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "TARGET2 System") is open; and

- (C) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "ISDA Definitions") and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("LIBOR") or on the Euro-zone inter-bank offered rate ("EURIBOR"), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

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

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(B) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation if there is only one quotation on the Relevant Screen Page; or

- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(iii) Minimum Rate of Interest and Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and calculation of Interest Amounts

The Agent will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in

accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is greater than the Calculation Amount, the Interest Amount payable in respect of such Note shall be the amount (determined in the manner provided above) calculated in respect of the Calculation Amount multiplied by a fraction, the numerator of which is the Specified Denomination of the Note in question and the denominator of which is the Calculation Amount, without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest for any Interest Period:

1. if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
2. if "Actual/Actual (ICMA)" is specified in the applicable Final Terms, the provisions of Condition 4(a)(i) shall apply;
3. if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
4. if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
5. if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
6. if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

7. if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; and

8. if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(v) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if

the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period, provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

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

(vi) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and the London Stock Exchange and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment 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 Interest Period. Any such amendment will be promptly notified to the London Stock Exchange and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vii) Determination or Calculation by Trustee

If for any reason at any relevant time the Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Agent defaults in its obligation to calculate any Interest Amount in accordance with sub-paragraph (ii)(A) or (B) above or as otherwise specified in the applicable Final Terms, as the case may be, and in each case in accordance with paragraph (iv) and (v) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 4, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances. In making any such determination or calculation, the Trustee may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). Each such determination or calculation shall be deemed to have been made by the Agent or the Calculation Agent, as applicable.

(viii) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Agent or, if applicable, the Trustee or the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Agent, the Trustee, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, the Guarantor, the Noteholders or the

Couponholders shall attach to the Agent or, if applicable, the Trustee or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Index-Linked Interest Notes*

This Condition 4(c) applies to Index-Linked Interest Notes only. The applicable Final Terms will contain provisions applicable to the determination of Index-linked interest and must be read in conjunction with this Condition 4(c) and Condition 5 for full information on the manner in which interest is calculated on the Index-Linked Interest Notes.

(i) Interest Payment Dates

Each Index-Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "Interest Payment Date") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 4(c)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar

month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Index-Linked Interest Notes will be specified, or determined in the manner specified, in the applicable Final Terms.

The provisions of Condition 4(b)(iii) shall apply to this Condition 4(c) *mutatis mutandis*.

(iii) Determination of applicable Index Ratio or Limited Index Ratio and calculation of Interest Amounts

The Calculation Agent will, at or as soon as practicable after each time at which the Index Ratio or Limited Index Ratio (as applicable) applicable to any payment of interest in respect of the Notes becomes capable of being determined, determine the Index Ratio or Limited Index Ratio (as applicable) applicable to the relevant payment of interest.

The Calculation Agent will calculate the amount of interest (the "Interest Amount") payable on the Index-Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Index-Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Index-Linked Interest Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction (which shall have the meaning specified in Condition 4(a) or Condition 4(b)) and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Such Interest Amount will then be adjusted in accordance with Condition 5(b). Where the Specified Denomination of an Index-Linked Interest Note in definitive form is greater than the Calculation Amount, the Interest Amount payable in respect of such Note shall be the amount (determined and adjusted in the manner provided above) calculated in respect of the Calculation Amount multiplied by a fraction, the numerator of which is the Specified Denomination of the Note in question and the denominator of which is the Calculation Amount, without any further rounding.

(iv) Notification of Interest Amounts

The Calculation Agent will cause the Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Agent as soon as practicable after determining the same. The Agent will cause such amounts to be notified to the Issuer and the London Stock Exchange and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day (as defined in Condition 4(b)(vi)) thereafter. Each Interest Amount and Interest Payment 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 Interest Period. Any such amendment will be promptly notified by the Agent to the London Stock Exchange and to the Noteholders in accordance with Condition 14.

(v) **Determination or Calculation by Trustee**

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine the Index Ratio or Limited Index Ratio applicable to any payment of interest in respect of the Notes or defaults in its obligation to calculate any Interest Amount for any Interest Period(s), in each case in accordance with sub-paragraph (iii) above or as otherwise specified in the applicable Final Terms, as the case may be, the Trustee shall determine the Index Ratio or Limited Index Ratio applicable to the relevant payment at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 4 and to the provisions of Condition 5), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) for the relevant period(s) in such manner as it shall deem fair and reasonable in all the circumstances. In making any such determination or calculation, the Trustee may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). Each such determination or calculation shall be deemed to have been made by the Calculation Agent (and, where practicable, in accordance with this Condition). The Trustee shall have no liability to any person in connection with any determination or calculation it is required to make pursuant to this Condition.

(vi) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(c), whether by the Calculation Agent, the Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Agent, the Trustee, the Calculation Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, the Guarantor, the Noteholders or the Couponholders shall attach to the Agent, the Trustee or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(d) *Accrual of interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, if applicable, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

**5. Indexation**

This Condition 5 shall only apply to Notes in respect of which the applicable Final Terms specify Index-Linked Interest ("Index-Linked Interest Notes") and/or Index-Linked Redemption ("Index-Linked Redemption Notes" and, together with Index-Linked Interest Notes, "Index-Linked Notes"), unless otherwise specified in the applicable Final Terms.

(a) *Definitions*

"Base Index Figure" means (subject to Condition 5(d) below) the Base Index Figure specified in the applicable Final Terms;

“CPI” means the U.K. Consumer Prices Index (for all items) published by the Office for National Statistics (2015 = 100), or any comparable index which may replace such index for the purpose of calculating the amount payable on repayment of the Indexed Benchmark Gilt (if any);

“CPIH” means the U.K. Consumer Prices Index including owner occupier’s housing costs (for all items) published by the Office for National Statistics (2015 = 100), or any comparable index which may replace such index for the purpose of calculating the amount payable on repayment of the Indexed Benchmark Gilt (if any);

"Index" or "Index Figure" means, subject as provided in Conditions 5(d) and (g) below, either RPI, CPI or CPIH as specified in the relevant Final Terms;

Any reference to the "Index Figure applicable" to:

- (i) a particular month ("m"), shall, subject as provided in Conditions 5(d) and (g) below, be construed as a reference to the Index Figure (RPI, CPI or CPIH, as applicable) published in the month falling N months prior to month m and relating to the month before that of publication, where "N" is specified in the applicable Final Terms (or, if not so specified, seven); or
- (ii) a particular date ("d") in a particular month ("m"), shall, subject as provided in Conditions 5(d) and (g) below, be construed as a reference to the Index Figure (RPI, CPI or CPIH as applicable) calculated in accordance with the following formula:

$$IFA_d = IF_{m-N} + [(D_1/D_2) \times (IF_{m-(N-1)} - IF_{m-N})]$$

where:

"IFA<sub>d</sub>" is the Index Figure applicable to date d;

"N" is the figure specified in the applicable Final Terms (or, if not so specified, two);

"IF<sub>m-N</sub>" is the Index Figure (RPI, CPI or CPIH, as applicable) published in the month falling N months prior to month m and relating to the month before that of publication;

"IF<sub>m-(N-1)</sub>" is the Index Figure (RPI, CPI, or CPIH, as applicable) published in the month falling (N-1) months prior to month m and relating to the month before that of publication;

"D<sub>1</sub>" is the actual number of days from (and including) the first calendar day of month m to (but excluding) date d in that month (provided that if d is the first calendar day of the month, "D<sub>1</sub>" shall be zero); and

"D<sub>2</sub>" is the actual number of days in month m;

"Indexation Adviser" means a gilt-edged market maker or other adviser selected by the Issuer;

"Indexed Benchmark Gilt" means the Reference Gilt specified in the applicable Final Terms or, if no Reference Gilt is so specified, or if the Reference Gilt specified has ceased to be outstanding, the index-linked sterling obligation of the United Kingdom Government listed on the Official List of the Financial Conduct Authority (in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended) and traded on the London Stock Exchange, that is indexed to the same Index as the Notes and that has a maturity most closely matching that of the Notes, as determined by the Indexation Adviser.

"Index Ratio" applicable to any month or date (as the case may be) means the Index Figure applicable to such month or date (as applicable) divided by the Base Index Figure and rounded to the nearest fifth decimal place (with 0.000005 being rounded upwards);

"Limited Index Ratio" means (i) in respect of any month or date (as the case may be) prior to the relevant Issue Date, the Index Ratio for that month or date (as applicable), (ii) in respect of any Limited Indexation Date after the relevant Issue Date, the product of the Limited Indexation Factor for that month or date (as the case may be) and the Limited Index Ratio as previously calculated in respect of the month or date (as applicable) twelve months prior thereto; and (iii) in respect of any other month, the Limited Index Ratio as previously calculated in respect of the most recent Limited Indexation Month;

"Limited Indexation Date" means any date falling during the Limited Indexation Period specified in the relevant Final Terms for which a Limited Indexation Factor is to be calculated;

"Limited Indexation Factor" means, in respect of a Limited Indexation Month or Limited Indexation Date, as the case may be, the ratio of the Index Figure applicable to that month or date (as the case may be) divided by the Index Figure applicable to the month or date (as applicable) twelve months prior thereto, provided that (i) if such ratio is greater than the Maximum Indexation Factor specified in the relevant Final Terms, it shall be deemed to be equal to such Maximum Indexation Factor and (ii) if such ratio is less than the Minimum Indexation Factor specified in the relevant Final Terms, it shall be deemed to be equal to such Minimum Indexation Factor;

"Limited Indexation Month" means any month specified in the relevant Final Terms for which a Limited Indexation Factor is to be calculated;

"Limited Index Linked Notes" means Index-Linked Notes to which a Maximum Indexation Factor and/or a Minimum Indexation Factor (as specified in the relevant Final Terms) applies; and

"RPI" means the U.K. Retail Prices Index (for all items) published by the Office for National Statistics (January 1987 = 100), or any comparable index which may replace such index for the purpose of calculating the amount payable on repayment of the Indexed Benchmark Gilt (if any).

(b) *Index-Linked Interest Provisions*

If Index-Linked Interest is specified in the applicable Final Terms, the amount of interest (the "Adjusted Interest Amount") payable in respect of the Notes on any day on which interest falls due shall be determined by the Calculation Agent by multiplying (i) the Interest Amount determined in accordance with Condition 4(c)(iii) by (ii) the Index Ratio or (in the case of Limited Index Linked Notes) the Limited Index Ratio applicable to the month in, or date on (as the case may be), which the relevant interest payment falls due, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency (half of any such sub-unit being rounded upwards or otherwise in accordance with market convention).

References in these Conditions and the applicable Final Terms to "Interest Amount" shall (except for the purposes of the determination referred to in part (i) of this paragraph (b)) be deemed to be references to the Adjusted Interest Amount.

(c) *Index-Linked Redemption Provisions*

If Index-Linked Redemption is specified in the applicable Final Terms, unless the applicable Final Terms provide otherwise the Final Redemption Amount, Early Redemption Amount and any applicable Optional Redemption Amount, Residual Call Early Redemption Amount and/or Event Put Amount per Calculation Amount of the Notes

shall be the amount determined by the Calculation Agent by multiplying the applicable amount per Calculation Amount specified in the applicable Final Terms by the Index Ratio or (in the case of Limited Index Linked Notes) the Limited Index Ratio applicable to the month in, or date on (as the case may be), which the due date for redemption falls and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency (half of any such sub-unit being rounded upwards or otherwise in accordance with market convention), provided that:

- (i) if a Minimum Final Redemption Amount, Minimum Early Redemption Amount, Minimum Optional Redemption Amount, Minimum Residual Call Early Redemption Amount and/or Minimum Event Put Amount is specified in the applicable Final Terms and such amount is greater than the amount calculated by the Calculation Agent in accordance with this paragraph (c), the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Residual Call Early Redemption Amount and Event Put Amount (as applicable) per Calculation Amount shall be, respectively, the Minimum Final Redemption Amount, Minimum Early Redemption Amount, Minimum Optional Redemption Amount, Minimum Residual Call Early Redemption Amount and Minimum Event Put Amount (as applicable) so specified in the applicable Final Terms; and/or
- (ii) if a Maximum Final Redemption Amount, Maximum Early Redemption Amount, Maximum Optional Redemption Amount, Maximum Residual Call Early Redemption Amount and/or Maximum Event Put Amount is specified in the applicable Final Terms and such amount is less than the amount calculated by the Calculation Agent in accordance with this paragraph (c), the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Residual Call Early Redemption Amount and Event Put Amount (as applicable) per Calculation Amount shall be, respectively, the Maximum Final Redemption Amount, Maximum Early Redemption Amount, Maximum Optional Redemption Amount, Maximum Residual Call Early Redemption Amount and Maximum Event Put Amount (as applicable) so specified in the applicable Final Terms.

For the avoidance of doubt, the Make-Whole Redemption Amount (if any) applicable in respect of the Notes will not be subject to indexation in accordance with this Condition 5(c).

(d) *Changes in Circumstances Affecting the Index: change in base*

If at any time and from time to time the Index is changed by the substitution of a new base therefor, then with effect from the month, or (as the case may be) the first date, from and including that in, or on, which such substitution takes effect (i) the definition of "Index" and "Index Figure" shall be deemed to refer to the new month or date (as applicable) in substitution for January 1987 (where RPI is specified as the Index in the relevant Final Terms) or 2015 (where CPI or CPIH is specified as the Index in the relevant Final Terms) (or, as the case may be, to such other month or date (as applicable) as may have been substituted therefor), and (ii) the new Base Index Figure shall be the product of the existing Base Index Figure and the Index Figure for the date on which such substitution takes effect, divided by the Index Figure for the date immediately preceding the date on which such substitution takes effect.

(e) *Changes in Circumstances Affecting the Index: delay in publication of the Index*

If the Index Figure relating to any month (a "Relevant Month") which is required to be taken account for the purposes of the determination of the Index Figure applicable to any month or date (as the case may be) is not published on or before the 14th business day before the date on which any payment that is subject to adjustment in accordance with Condition 5(b) or (c) above is due (the "date for payment"), the Index Figure relating to

such Relevant Month shall be (i) such substitute index figure (if any) as in the determination of the Indexation Adviser has been published by the United Kingdom Debt Management Office (or other relevant governmental authority) or the Bank of England, as the case may be, for the purposes of indexation of payments on the Indexed Benchmark Gilt (if any) or, failing such publication, on any one or more issues of index-linked Treasury Stock that is indexed to the same Index as the Notes, as selected by the Indexation Adviser or (ii) if no such determination is made by such Indexation Adviser within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 5(d) above) before the date for payment.

(f) *Application of Changes*

Where the provisions of Condition 5(e) above apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in which the date for payment falls or the date for payment, as the case may be, shall be conclusive and binding on the Issuer, the Trustee, the Noteholders and Couponholders. If, an Index Figure having been applied pursuant to Condition 5(e)(ii) above, the Index Figure relating to any Relevant Month or relevant calculation month, as the case may be, is subsequently published while a Note is still outstanding, then:

1. in relation to a payment of principal or interest in respect of such Note determined by reference to the Index Ratio other than upon final redemption of such Note, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced, as the case may be, by an amount equal to the shortfall or excess, as the case may be, of the amount of the relevant payment made (on the basis of the Index Figure applicable by virtue of Condition 5(e)(ii) above) above or below the amount of the relevant payment that would have been due if the Index Figure subsequently published had been published on or before the 14th business day before the date for payment; and
2. in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.

(g) *Cessation of, or Fundamental Changes to, the Index*

If (i) the Trustee has been notified by the Calculation Agent that the Index has ceased to be published or (ii) only if Condition 5(g)(ii) is specified in the Final Terms as applicable to the Notes, any change is made to the coverage or the basic calculation of the Index which constitutes a fundamental change which would, in the opinion of (A) the Issuer be materially prejudicial to the interests of the Issuer, or (B) the Trustee (acting solely on the advice of the Indexation Adviser), be materially prejudicial to the interests of the Noteholders, the Issuer will give written notice of such occurrence to the Trustee in the case of (A) or the Trustee will give written notice of such occurrence to the Issuer in the case of (B), and the Issuer and the Trustee (acting solely on the advice of the Indexation Adviser) together shall seek to agree for the purpose of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave both the Issuer and the Noteholders in substantially a no better and no worse position than they would have been had the Index not ceased to be published or, if applicable, the relevant fundamental change not been made.

If the Issuer and the Trustee (acting solely on the advice of the Indexation Adviser) fail to reach agreement as mentioned above within 20 Business Days following the giving of notice as mentioned in the immediately preceding paragraph, a bank or other person in London shall be appointed by the Issuer with the written approval of the Trustee (acting solely on the advice of the Indexation Adviser) (in each case, such bank or other person so appointed being referred to as the "Expert"), to determine for the purpose of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with

the intention that the same should leave both the Issuer and the Noteholders in substantially a no better and no worse position than they would have been had the Index not ceased to be published or the relevant fundamental change not been made.

The Index shall be adjusted or replaced by a substitute index as agreed by the Issuer and the Trustee (acting solely on the advice of the Indexation Adviser) or as determined by the Expert pursuant to the foregoing paragraphs, as the case may be, and references in these Conditions to the Index and to any Index Figure shall be deemed amended in such manner as the Trustee (acting solely on the advice of the Indexation Adviser) and the Issuer agree are appropriate to give effect to such adjustment or replacement. Such amendments shall be effective from the date of such notification and binding upon the Issuer, the Trustee and the Noteholders, and the Issuer shall give notice to the Noteholders in accordance with Condition 14 of such adjustment, replacement and/or amendments as promptly as practicable following such notification.

Any Indexation Adviser and/or Expert appointed pursuant to the provisions of this Condition 5 shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Indexation Adviser and/or Expert and of the Issuer and the Trustee in connection with such appointment shall be borne by the Issuer, and neither the Indexation Adviser nor the Expert shall be liable to Noteholders or Couponholders for determinations made by it pursuant to the provisions of this Condition 5.

## **6. Payments**

### **(a) *Method of payment***

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. Any amounts withheld or deducted in accordance with (ii) will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction, whether pursuant to Condition 8 or otherwise, by the relevant Issuer, the Guarantor (if applicable), any Paying Agent or any other person.

### **(b) *Presentation of definitive Notes and Coupons***

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the

United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Index-Linked Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "Long Maturity Note" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate amount of interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

(c) *Payments in respect of Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note, where applicable, against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made distinguishing between any payment of principal and any payment of interest, will be made on such Global Note either: (i) by the Paying Agent to which it was presented and, in the case of any Global Note which is not a New Global Note, such record shall be prima facie evidence that the payment in question has been made; or (ii) in the records of Euroclear and Clearstream, Luxembourg.

(d) *General provisions applicable to payments*

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by

the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal or interest in respect of Notes is payable in US dollars, such US dollar payments of principal or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in US dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in US dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

(e) *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 9) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) in the case of Notes in definitive form only, the relevant place of presentation;
  - (B) each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
  - (C) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(f) *Interpretation of principal and interest*

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8 or under any undertaking given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) the Residual Call Early Redemption Amount(s) (if any) of the Notes;
- (vi) the Make-Whole Redemption Amount(s) (if any) of the Notes;
- (vii) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(g)); and
- (viii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.
- (ix) Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or under any undertaking given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

## **7. Redemption and Purchase**

### **(a) *Redemption at maturity***

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

### **(b) *Redemption for tax reasons***

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Index-Linked Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index-Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer would be obliged to pay additional amounts as provided or referred to in Condition 8 or (where the Issuer is STUF) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be obliged to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision of, or any authority in, or of, the United Kingdom, having power to tax, or any change in the application or judicial or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the Issuer or, as the case may be, (where the Issuer is STUF) the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, (where the Issuer is STUF) the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer or, as the case may be, (where the Issuer is STUF) two Directors of the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the

conditions precedent set out in (i) and (ii) above to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, (where the Issuer is STUF) the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event they shall be conclusive and binding on the Noteholders and the Couponholders.

Notes redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount referred to in paragraph (g) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) *Issuer Call Options*

For the purpose of any redemption pursuant to this Condition 7(c), the Issuer shall have given the "Required Notice" if it has given:

(A) (subject to any alternative notice period specified in the applicable Final Terms) not less than 15 nor more than 60 days' notice to the Noteholders in accordance with Condition 14; and

(B) not less than 15 days before the giving of the notice referred to in (A), notice to the Trustee and to the Agent,

and any such notice shall be irrevocable and shall specify the date fixed for redemption.

(i) *Redemption at the option of the Issuer (Issuer Call)*

If 'Issuer Call' is specified as being applicable in the applicable Final Terms, the Issuer may, having given the Required Notice: redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) both as specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption, in a place chosen by the Issuer and approved by the Trustee and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, in accordance with their customary procedures). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption.

(ii) *Issuer Residual Call Option*

If 'Issuer Residual Call' is specified as being applicable in the applicable Final Terms and, at any time, the outstanding aggregate nominal amount of the Notes is 20 per cent. or less of the aggregate nominal amount of the Notes originally issued (and, for these purposes, any further Notes issued pursuant to Condition 16 and consolidated with this Series of Notes shall be deemed to have been originally issued), the Issuer may, having given the Required Notice, redeem all (but not some only) of the Notes then outstanding at any time (if this Note is neither a Floating Rate Note nor an Index-Linked Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index-Linked Interest Note), at the Residual Call Early Redemption Amount specified in the applicable

Final Terms together, if appropriate, with interest accrued to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption pursuant to this Condition 7(c)(ii), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer or, as the case may be, (where the Issuer is STUF) two Directors of the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the outstanding aggregate nominal amount of the Notes is 20 per cent. or less of the aggregate nominal amount of the Notes originally issued. The Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

(iii) *Make-Whole Redemption by the Issuer*

Other than in relation to Index-Linked Notes, if 'Make-Whole Redemption by the Issuer' is specified as being applicable in the applicable Final Terms, the Issuer may, having given the Required Notice (the date specified in the Required Notice as the date fixed for redemption being the "Make-Whole Redemption Date"), redeem all or some only of the Notes then outstanding at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note) at the Make-Whole Redemption Amount together, if appropriate, with interest accrued to (but excluding) the relevant Make-Whole Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Higher Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Notes, the Redeemed Notes will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the relevant Make-Whole Redemption Date, in a place chosen by the Issuer and approved by the Trustee, and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the relevant Make-Whole Redemption Date.

"Make-Whole Redemption Amount" means: (A) the outstanding nominal amount of the relevant Note or (B) if higher, the sum, as determined by the Make-Whole Calculation Agent, of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the relevant Make-Whole Redemption Date on an annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Make-Whole Reference Rate plus the Make-Whole Redemption Margin (if any) specified in the applicable Final Terms, where:

"CA Selected Bond" means a government security or securities (which, if the Specified Currency is euro, will be a German *Bundesobligationen*) selected by the Make-Whole Calculation Agent as having a maturity comparable to the remaining term of the Notes to be redeemed and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes;

"Make-Whole Calculation Agent" means a leading investment, or commercial bank appointed by the Issuer and approved in writing by the Trustee for the

purposes of calculating the relevant Make-Whole Redemption Amount, and notified to the Noteholders in accordance with Condition 14;

"Make-Whole Reference Rate" means, with respect to any Make-Whole Redemption Date, the rate per annum equal to the equivalent yield to maturity of the Reference Bond, calculated using a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such Make-Whole Redemption Date. The Make-Whole Reference Rate will be calculated on the Reference Rate Determination Date specified in the applicable Final Terms;

"Reference Bond" means (i) if CA Selected Bond is specified in the applicable Final Terms, the relevant CA Selected Bond or (ii) if CA Selected Bond is not specified in the applicable Final Terms, the security specified in the applicable Final Terms, provided that if the Make-Whole Calculation Agent advises the Issuer that, at the time at which the relevant Make-Whole Redemption Amount is to be determined, for reasons of illiquidity or otherwise, the relevant security specified is not appropriate for such purpose, such other central bank or government security as the Make-Whole Calculation Agent may, after consultation with the Issuer and with the advice of Reference Market Makers, determine to be appropriate;

"Reference Bond Price" means (i) the average of five Reference Market Maker Quotations for the relevant Make-Whole Redemption Date, after excluding the highest and lowest of such five Reference Market Maker Quotations (or, if there are two equally highest and/or two equally lowest quotations, excluding just one of such highest quotations and/or one of such lowest quotations, as the case may be), (ii) if the Make-Whole Calculation Agent obtains fewer than five, but more than one, such Reference Market Maker Quotations, the average of all such quotations, or (iii) if only one such Reference Market Maker Quotation is obtained, the amount of the Reference Market Maker Quotation so obtained;

"Reference Market Maker Quotations" means, with respect to each Reference Market Maker and any Make-Whole Redemption Date, the average, as determined by the Make-Whole Calculation Agent, of the bid and asked prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) quoted in writing to the Make-Whole Calculation Agent at the Quotation Time specified in the applicable Final Terms on the Reference Rate Determination Date specified in the applicable Final Terms; and

"Reference Market Makers" means five brokers or market makers of securities such as the Reference Bond selected by the Make-Whole Calculation Agent or such other five persons operating in the market for securities such as the Reference Bond as are selected by the Make-Whole Calculation Agent in consultation with the Issuer.

(iv) *Issuer Maturity Call Option*

Other than in relation to Index-Linked Notes, if 'Issuer Maturity Call' is specified as being applicable in the applicable Final Terms, the Issuer may, having given the Required Notice, redeem all (but not some only) of the Notes then outstanding on any Business Day during the period commencing on (and including) the day that is 90 days prior to the Maturity Date to (but excluding) the Maturity Date (if this Note is not a Floating Rate Note) or on the Interest Payment Date immediately preceding the Maturity Date (if this Note is a Floating Rate Note), at the Final Redemption Amount specified in the applicable Final Terms, together (if appropriate) with interest accrued to (but excluding) the date fixed for redemption.

(d) *Redemption at the option of the Noteholders (Investor Put)*

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 30 nor more than 45 days' notice (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not, in the case of a definitive Note, in part) such Note on the Optional Redemption Date and at the Optional Redemption Amount (both as specified in the applicable Final Terms) together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

If this Note is in definitive form, to exercise the right to require redemption of this Note under this Condition 7(d) the Noteholder must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "Put Notice") and in which the Noteholder must specify a bank account to which payment is to be made under this Condition.

If this Note is represented by a Global Note, to exercise the right to require redemption of this Note under this Condition 7(d) the Noteholder must give notice to any Paying Agent, at any time during normal business hours of such Paying Agent falling within the notice period, of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such Noteholder's instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, to the Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

(e) *Redemption at the Option of the Noteholders on a Put Event*

This Condition 7(e) applies to Notes with an original maturity of more than 20 years.

If, at any time while any of the Notes remains outstanding, a Put Event (as defined below) occurs, then the holder of each Note will, upon the giving of a Put Event Notice (as defined below), have the option to require the Issuer to redeem the Note on the Put Date at the Event Put Amount (as specified in the applicable Final Terms), together with interest accrued up to (but excluding) the Put Date. For the avoidance of doubt, the occurrence of an event which is a Put Event shall not constitute an Event of Default.

A "Put Event" occurs if:

- (i) the appointment of Severn Trent Water Limited as in effect on the date of this document (the "Appointment") as the water undertaker and sewerage undertaker for the areas described in the Instrument of Appointment dated August 1989 made by the Secretary of State under sections 11 and 14 of the Water Act 1989 (now section 6 of the Water Industry Act 1991) is terminated other than in respect of such part of its area as is the subject of an appointment or variation by virtue of section 7(4)(b) or (bb) of the Water Industry Act 1991; or
- (ii) a Restructuring Event occurs and, within the Restructuring Period, either (a) if at the time the relevant Restructuring Event occurs there are Rated Securities, a Rating Downgrading in respect of that Restructuring Event also occurs or (b) if at such time there are no Rated Securities, the Issuer or (where the Issuer is STUF) the Guarantor fails to obtain (whether by failing to seek a rating or otherwise) a rating of the Notes or any other unsecured and unsubordinated debt of the Issuer or (where the Issuer is STUF) of the Guarantor or (where the Issuer is Severn Trent)

of any Subsidiary of the Issuer or (where the Issuer is STUF) of any other Subsidiary of the Guarantor which, in any case, is guaranteed on an unsecured and unsubordinated basis by (where the Issuer is Severn Trent) the Issuer or (where the Issuer is STUF) the Guarantor) having an initial maturity of five years or more, from a Rating Agency of at least investment grade (BBB-/Baa3, or their respective equivalents for the time being) (a "Negative Rating Event") and, in the case of either (a) or (b), such Restructuring Event is, not later than 14 days after the expiry of the Restructuring Period, certified in writing by an independent financial adviser appointed by the Trustee (after consultation with the Issuer as to the identity of such independent financial adviser) as being in its opinion materially prejudicial to the interests of the Noteholders (a "Negative Certification") (that Restructuring Event and the relevant Rating Downgrading or, as the case may be, Negative Rating Event and, in each case, the Negative Certification together constituting the Put Event). Any certification by an independent financial adviser as aforesaid as to whether or not any Restructuring Event is materially prejudicial to the interests of the Noteholders shall, in the absence of manifest error, be conclusive and binding on all concerned. For the avoidance of doubt, the service by the Secretary of State of a notice under Condition O of the Appointment shall not of itself constitute a Put Event; or

- (iii) where the Issuer is Severn Trent only, Severn Trent Water Limited ceases to be a Subsidiary of Severn Trent.

Promptly upon becoming aware that a Put Event has occurred, and in any event not later than 21 days after the occurrence of the Put Event, the Issuer or, as the case may be, the Guarantor shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by an Extraordinary Resolution of the Noteholders shall, give notice (a "Put Event Notice") to the Noteholders in accordance with Condition 14, specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 7(e).

If this Note is in definitive form, to exercise the option to require the Issuer to redeem such Note under this Condition 7(e), the Noteholder must deliver such Note at the specified office of any Paying Agent, on any day which is a day on which banks are open for business in London and in the place of the specified office of such Paying Agent falling within the period (the "Put Period") of 45 days after the date on which a Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (an "Event Put Notice"). The Note must be delivered to the Paying Agent together with all Coupons appertaining thereto (which expression, for the avoidance of doubt, shall include unmatured Coupons falling to be issued on exchange of matured Talons) maturing after the date (the "Put Date") being the seventh day after the date of expiry of the Put Period, failing which deduction in respect of such missing unmatured Coupons shall be made in accordance with Condition 6(b). The Paying Agent to which such Note and Event Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt (a "Put Receipt") in respect of the Note so delivered. Payment by the Issuer in respect of any Note so delivered shall be made, if the Noteholder duly specified in the Event Put Notice a bank account to which payment is to be made, by transfer to that bank account on the Put Date, and in every other case, on or after the Put Date against presentation and surrender of such Put Receipt at the specified office of any Paying Agent. An Event Put Notice, once given, shall be irrevocable. For the purposes of Conditions 1, 9, 10, 11, 15 and 18 Put Receipts issued pursuant to this Condition 7(e) shall be treated as if they were Notes.

If this Note is represented by a Global Note, to exercise the option to require the Issuer to redeem such Note under this Condition 7(e), the Noteholder must give notice to any Paying

Agent, on any day which is a day on which banks are open for business in London and in the place of the specified office of such Paying Agent falling within the Put Period, of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such Noteholder's instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, to the Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time. Such Noteholder will be required to comply with the standard procedures of the relevant clearing system at such time, which may include blocking the relevant Notes in the relevant clearing system account. Payment by the Issuer in respect of any Note which is the subject of such exercise by the Noteholder will be made on the Put Date in accordance with the standard procedures of the relevant clearing system or otherwise in accordance with such information as such Noteholder may be required to specify in the notice exercising its option to require redemption of the Notes.

In these Terms and Conditions:

"K" has the meaning ascribed to it in the Appointment;

"Rated Securities" means the Notes, if at any time and for so long as they shall have a rating from a Rating Agency, and otherwise any other unsecured and unsubordinated debt of, where the Issuer is STUF, the Guarantor or the Issuer or any other Subsidiary of the Guarantor which, in any case, is guaranteed on an unsecured and unsubordinated basis by the Guarantor or, where the Issuer is Severn Trent, the Issuer or any other Subsidiary of the Issuer which, in any case, is guaranteed on an unsecured and unsubordinated basis by the Issuer, in any case having an initial maturity of five years or more which is rated by a Rating Agency;

"Rating Agency" means Standard & Poor's Credit Market Services Europe Limited or Moody's Investors Service Limited or any of their respective subsidiaries and their successors or any rating agency substituted for either of them (or any permitted substitute of either of them) by the Issuer or the Guarantor from time to time with the prior written approval of the Trustee (not to be unreasonably withheld or delayed) or any other rating agency approved in writing by the Trustee from time to time;

"Rating Downgrading" shall be deemed to have occurred in respect of a Restructuring Event if the current rating assigned to the Rated Securities by any Rating Agency (whether provided by a Rating Agency at the invitation of the Issuer or (if applicable) the Guarantor or by its own volition) is withdrawn or reduced from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse), or, if the Rating Agency shall have already rated the Rated Securities below investment grade (as described above), the rating is withdrawn or lowered one full rating category;

"Restructuring Event" means either (a) the modification of any material rights, benefits or obligations of STWL as a water undertaker or sewerage undertaker arising under the Appointment, or (b) any material modification being made to the Appointment regardless, in the case of both paragraphs (a) and (b), of whether or not such modification is made with the consent of STWL and whether pursuant to the Water Industry Act 1991 or otherwise but excluding, in the case of both paragraphs (a) and (b), an adjustment in K (including for this purpose, for the avoidance of doubt, any adjustment to the basis or formula for pricing which arises as part of a periodic review under the terms of the Appointment) or a modification in respect of, or which removes, such part of STWL's area as is the subject of an appointment or variation by virtue of section 7(4)(b) or (bb) of the Water Industry Act 1991. For the avoidance of doubt, the service by the Secretary of State of a notice under Condition O of the Appointment shall not of itself constitute a Restructuring Event; and

"Restructuring Period" means, whether or not there are Rated Securities at the time a Restructuring Event occurs, the period of 45 days starting from and including the day on which that Restructuring Event occurs.

(f) *Redemption upon an Index Redemption Event*

In the case of Index-Linked Notes, if either (i) the Index Figure for three consecutive months is required to be determined on the basis of an Index Figure previously published as provided in Condition 5(e)(ii) and the Trustee has been notified by the Calculation Agent that publication of the Index has ceased or (ii) notice is published by Her Majesty's Treasury, or on its behalf, following a change in relation to the Index, offering a right of redemption to the holders of the Indexed Benchmark Gilt, and (in either case) no amendment or substitution of the Index shall have been advised by the Indexation Adviser to the Issuer and such circumstances are continuing (an "Index Redemption Event"), the Issuer may, upon giving not more than 60 nor less than 30 days' notice to the Noteholders in accordance with Condition 14, redeem all, but not some only, of the Notes at their Early Redemption Amount determined in accordance with Condition 7(g), together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(g) *Early Redemption Amounts*

For the purpose of paragraph (b) above, redemption upon the occurrence of an Index Redemption Event and Condition 10:

(i) each Note (other than a Zero Coupon Note or an Index-Linked Redemption Note) will be redeemed at its Early Redemption Amount specified in the applicable Final Terms;

(ii) each Zero Coupon Note will be redeemed at an amount (the "Amortised Face Amount") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

"RP" means the Reference Price;

"AY" means the Accrual Yield expressed as a decimal; and

"y" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360; and

(iii) each Index-Linked Redemption Note will be redeemed at an amount calculated in accordance with Condition 5(c).

(h) *Purchases*

The Issuer, the Guarantor or any of their Subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. All Notes so purchased may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to a Paying Agent for cancellation.

(i) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption).

All Notes so cancelled (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(j) *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (g)(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Trustee or the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

(k) *Multiple notices of redemption*

In the event that more than one notice of redemption has been validly given pursuant to this Condition 7 (whether given by the Issuer pursuant to Condition 7(b), 7(c) or 7(f) or given by a Noteholder pursuant to Condition 7(d) or 7(e)) in respect of any Note at any given time, the first such notice to have been given shall prevail.

**8. Taxation**

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer or the Guarantor will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the United Kingdom, or any political subdivision of, or any authority in, or of, the United Kingdom having power to tax unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, (where the Issuer is STUF) the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment in the United Kingdom; or
- (b) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the United Kingdom, other than the mere holding of such Note or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming, whether or not such is in fact the case, that day to have been a Payment Day (as defined in Condition 6(e)); or
- (d) presented for payment by or on behalf of a holder in respect of whom such withholding or deduction would not have been required had such holder provided evidence that such holder is within the charge to United Kingdom corporation tax (if that is the case) or had such holder made a declaration of nonresidence or other similar claim for exemption to the relevant tax authority or taken any other relevant procedural steps required in any of those cases in sufficient time prior to the Relevant Date to enable an exemption from withholding

or deduction to be available in respect of the relevant payment of principal or interest (as the case may be).

In these Terms and Conditions, the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

## **9. Prescription**

The Notes and Coupons will become void unless claims in respect of principal and interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void upon issue pursuant to this Condition or Condition 6(b).

## **10. Events of Default**

### **(a) *Events of Default:***

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured to its satisfaction), give notice to the Issuer and (where the Issuer is STUF) the Guarantor that the Notes are, and they shall accordingly thereupon become, immediately due and repayable at their Early Redemption Amount (as specified in the applicable Final Terms), together with accrued interest as provided in the Trust Deed, if any of the following events (each an "Event of Default") shall occur:

- (i) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 15 days; or
- (ii) if the Issuer or (where the Issuer is STUF) the Guarantor fails to perform or observe any of its other obligations under these Terms and Conditions or the Trust Deed and (except where the Trustee considers the failure to be incapable of remedy when the Notes will become due and repayable subject only to and upon the Trustee certifying as is hereinafter mentioned and giving notice as is herein and in the lead-in paragraph to this Condition mentioned) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer or (where the Issuer is STUF) the Guarantor (as the case may be) of written notice requiring the same to be remedied; or
- (iii) if any indebtedness for Moneys Borrowed of the Issuer, (where the Issuer is STUF) the Guarantor or any Material Subsidiary is validly declared to be due and repayable prior to the date on which the same would otherwise become due and repayable by reason of the occurrence of an event of default (however described) in relation thereto or if the Issuer, (where the Issuer is STUF) the Guarantor or any Material Subsidiary defaults in the repayment of any indebtedness for Moneys Borrowed at the maturity thereof or at the expiry of any originally applicable grace period, or if any guarantee or indemnity or other like obligation in respect of any indebtedness for Moneys Borrowed given by the Issuer, (where the Issuer is STUF) the Guarantor or any Material Subsidiary shall not be paid when due and called upon or at the expiry of any originally applicable grace period save in any

such case where there is a bona fide dispute as to whether payment or repayment is due, provided that no such event as aforesaid shall constitute an event of default unless the Moneys Borrowed or other liability relative thereto either alone or when aggregated with other Moneys Borrowed and/or other liabilities relative to all (if any) other such events which shall have occurred shall amount to at least £10,000,000 (or its equivalent in any other currency or currencies at the date the same become due and payable or such default occurs or such payment is not made, as the case may be); or

- (iv) if (a) an order is made or an effective resolution is passed for the appointment of an administrator or for the winding-up of the Issuer, (where the Issuer is STUF) the Guarantor or any Material Subsidiary (except, in the case of a Material Subsidiary, a winding-up for the purposes of a reconstruction or amalgamation, the terms of which have previously been approved in writing by the Trustee, or a voluntary solvent winding-up in connection with the transfer of all or the major part of the business, undertaking and assets of such Material Subsidiary to (where the Issuer is STUF) the Guarantor, the Issuer or another Subsidiary of the Guarantor or (where the Issuer is Severn Trent) the Issuer or a Subsidiary of the Issuer (not, in any case, being an Excluded Subsidiary)); or (b) an order is made in respect of Severn Trent Water Limited pursuant to section 24 of the Water Industry Act 1991; or
- (v) If the Issuer, (where the Issuer is STUF) the Guarantor or any Material Subsidiary stops or threatens to stop payment generally or ceases or threatens to cease to carry on its business or a substantial part of its business (except, in the case of a Material Subsidiary, a cessation or threatened cessation for the purpose of a reconstruction or amalgamation on the terms of which have previously been approved in writing by the Trustee, or in connection with the transfer of all or the major part of the business, undertaking and assets of such Material Subsidiary to (where the Issuer is STUF) the Guarantor, the Issuer or another Subsidiary of the Guarantor or (where the Issuer is Severn Trent) the Issuer or a Subsidiary of the Issuer (not, in any case, being an Excluded Subsidiary) or which is not material in the context of the Group as a whole); or
- (vi) if an encumbrancer takes possession or an administrative or other receiver or manager is appointed of the whole or any material part of the undertaking or assets of the Issuer, (where the Issuer is STUF) the Guarantor or any Material Subsidiary (where, in the case of a Material Subsidiary, such undertaking or assets or part thereof is or are material in the context of the Group as a whole) or if a distress, execution or any similar proceeding is levied or enforced upon or sued out against the whole or any material part of the property of the Issuer, (where the Issuer is STUF) the Guarantor or any Material Subsidiary (where, in the case of a Material Subsidiary, such property or part thereof is material in the context of the Group as a whole) and in any such case is not removed, paid out or discharged within 21 days (or such longer period as the Trustee may approve); or
- (vii) if the Issuer, (where the Issuer is STUF) the Guarantor or any Material Subsidiary is deemed for the purpose of any law to be unable to pay its debts, or the value of the assets of the Issuer, (where the Issuer is STUF) the Guarantor or any Material Subsidiary falls to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities) or the Issuer, (where the Issuer is STUF) the Guarantor or any Material Subsidiary otherwise becomes, or is determined by any competent court or other authority to be, insolvent, or suspends making payments (whether of principal or interest) in respect of any class of its debts or announces an intention to do so or a moratorium is declared in

respect of any of the indebtedness of the Issuer (where the Issuer is STUF), the Guarantor or any Material Subsidiary; or

- (viii) if any kind of composition, scheme of arrangement, compromise or other similar arrangement involving the Issuer, (where the Issuer is STUF) the Guarantor or any Material Subsidiary and its creditors generally (or any class of such creditors) is entered into or made (except a composition, scheme of arrangement, compromise or other similar arrangement for the purpose of a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee); or
- (ix) where the Issuer is STUF, the Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect,

and, in the case of the happening of any of the Events of Default referred to in paragraphs (ii) above and, in relation to a Material Subsidiary, (iii) to (viii) inclusive above, the same has been certified in writing by the Trustee to the Issuer and (where the Issuer is STUF) the Guarantor to be in its opinion materially prejudicial to the interests of the Noteholders.

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer or (where the Issuer is STUF) the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding, and (b) it shall have been indemnified and/or secured to its satisfaction.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor (if applicable) unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

(b) *Definitions*

In these Terms and Conditions:

"Material Subsidiary" means (A) if the Issuer is Severn Trent, any Subsidiary of the Issuer or (B) if the Issuer is STUF, any Subsidiary of the Guarantor (but excluding STUF) but excluding in each case an Excluded Subsidiary:

- (a) whose profits on ordinary activities before tax or whose net assets (in each case consolidated in respect of a Subsidiary which itself has Subsidiaries) and in each case attributable to (where the Issuer is Severn Trent) the Issuer or (where the Issuer is STUF) the Guarantor, all as shown in the latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary represent 10 per cent. or more of:
  - (i) the profits on ordinary activities before tax or, as the case may be, net assets of (where the Issuer is Severn Trent) the Issuer or (where the Issuer is STUF) the Guarantor all as shown in the latest audited accounts of (where the Issuer is Severn Trent) the Issuer or (where the Issuer is STUF) the Guarantor; or
  - (ii) (if audited consolidated accounts of (where the Issuer is Severn Trent) the Issuer and its Subsidiaries or (where the Issuer is STUF) the Guarantor and its Subsidiaries are prepared) the consolidated profits on ordinary activities before tax or, as the case may be, consolidated net assets (in each case attributable to the shareholders of (where the Issuer is Severn Trent) the Issuer or (where the Issuer is STUF) the Guarantor of (where the Issuer is Severn Trent) the Issuer and its Subsidiaries or (where the Issuer is STUF) the Guarantor and its Subsidiaries (other than, in any

case, Excluded Subsidiaries) all as shown in the latest audited consolidated accounts of (where the Issuer is Severn Trent) the Issuer and its Subsidiaries or (where the Issuer is STUF) the Guarantor and its Subsidiaries; or

- (b) to which is transferred all or substantially all of the business, undertaking or assets of a Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon the transferor Subsidiary shall immediately cease to be a Material Subsidiary and the transferee Subsidiary shall immediately become a Material Subsidiary but shall cease to be a Material Subsidiary under this subparagraph (b) (but without prejudice to the provisions of subparagraph (a) above) upon publication of its next audited accounts.

A report (whether or not addressed to the Trustee) by the Auditors (as defined in the Trust Deed) that in their opinion a Subsidiary is or is not or was or was not at any particular time or throughout any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties. The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors in accordance with the provisions of the Trust Deed whether or not any such certificate or report or any engagement letter or other document entered into by the Trustee and the Auditors in connection therewith contains any limit on the liability of the Auditors; and

"Moneys Borrowed" means: (a) borrowed moneys; (b) liabilities under any bond, note, bill, debenture, loan stock or other security not for the time being beneficially owned by any member of the Group, in each case issued (i) as consideration for assets or services (but excluding such liabilities incurred in relation to the acquisition of assets or services in the ordinary course of trading) or (ii) for cash; and (c) liabilities under acceptance credit facilities, but shall not in the case of (a), (b) or (c) include Project Finance Indebtedness.

#### **11. Replacement of Notes, Coupons and Talons**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

#### **12. Paying Agents**

The initial Paying Agents are set out above.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents and approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be an Agent;
- (b) so long as the Notes are listed on the London Stock Exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the London Stock Exchange; and
- (c) the Issuer undertakes that, in the event that it or the Guarantor (where applicable) would (but for Condition 8(a)) be obliged to pay additional amounts on or in respect of any Note or Coupon pursuant to Condition 8 by virtue of such Note or Coupon being presented for payment in the United Kingdom, it will appoint and at all times thereafter maintain a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer or the Guarantor is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(d). Any variation, termination,

appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and if applicable, the Guarantor and, in certain circumstances described therein, the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor Paying Agent.

### **13. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

### **14. Notices**

All notices regarding the Notes or Coupons will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as aforesaid is not practicable, notice shall be given in such other manner and shall be deemed to have been given on such date as the Issuer, the Trustee and the Agent agree.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes have been admitted to trading on the London Stock Exchange's regulated market or have been admitted to the Official List and the rules of the London Stock Exchange so require, such notice will be published in a daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes is represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

### **15. Meetings of Noteholders, Modification and Waiver**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, these Terms and Conditions, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer or (where the Issuer is STUF) the Guarantor at the request of Noteholders holding not less than 5 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in nominal amount of the Notes for the time being

outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, these Terms and Conditions, the Coupons and the Trust Deed (including, as set out therein, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than three-quarters in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-quarter in nominal amount of the Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths of the nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths of the nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Couponholders.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification of the Notes or these Terms and Conditions, the Coupons or the Trust Deed which is not in the opinion of the Trustee materially prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes or these Terms and Conditions, the Coupons or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or an error which is, in the opinion of the Trustee, proven.

The Trustee may also agree, without the consent of the Noteholders or Couponholders, to the waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution under Condition 18), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (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 subdivision thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuers, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 and any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

Any such modification, waiver, authorisation, determination or substitution under Condition 18 shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise

agrees, any such modification or substitution shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

#### **16. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other Series in certain circumstances where the Trustee so decides.

#### **17. Contracts (Rights of Third Parties) Act 1999**

No rights are conferred on any person by virtue of the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

#### **18. Substitution**

The Trustee may agree, without the consent of the Noteholders or Couponholders, to the substitution at any time or times of:

- (a) where the Issuer is STUF (i) the Guarantor or (ii) any successor company of the Issuer or the Guarantor or (iii) any other Subsidiary (other than an Excluded Subsidiary) of the Guarantor or any such successor company or (iv) any holding company of the Guarantor or any such successor company; and
- (b) where the Issuer is Severn Trent (i) any successor company of the Issuer or (ii) any Subsidiary (other than an Excluded Subsidiary) of the Issuer or any such successor company or (iii) any holding company of the Issuer or any such successor company,

as the principal debtor under the Trust Deed and the Notes. Such agreement shall also be subject to the relevant provisions of the Trust Deed, including the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced thereby and (except, where the Issuer is STUF, where the Guarantor or any such successor company of the Guarantor is the new principal debtor and, where the Issuer is Severn Trent, where the Issuer or any such successor company of the Issuer is the new principal debtor) the irrevocable and unconditional guarantee in respect of the Notes by, where the Issuer is STUF, the Guarantor or any such successor company of the Guarantor or, where the Issuer is Severn Trent, the Issuer or any such successor company of the Issuer.

Where the Issuer is STUF, the Trustee may also agree, without the consent of the Noteholders or the Couponholders, to the substitution at any time or times of (i) any successor company of the Guarantor or (ii) a Subsidiary (other than an Excluded Subsidiary) of the Guarantor acceptable to the Trustee as the guarantor under the Trust Deed and of the Notes, in each case in place of the Guarantor. Such agreement shall be subject to the relevant provisions of the Trust Deed, including the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced thereby and such successor company or Subsidiary having the benefit of the Appointment held by the Guarantor.

In the case of any proposed substitution, the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Coupons and/or the Trust Deed provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders.

#### **19. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, inter alia, (i) to enter into business transactions with the Issuers and the Guarantor and any of the Issuer's or the Guarantor's other Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and the Guarantor and any of the Issuer's or the Guarantor's other Subsidiaries, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or the Couponholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

## **20. Governing Law**

- (a) The Trust Deed, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) The parties irrevocably agree, for the benefit of the Trustee, the Noteholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with them) and accordingly submit to the exclusive jurisdiction of the English courts.
- (c) The parties waive any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Noteholders and the Couponholders may take any suit, action or proceedings (together referred to as "Proceedings") arising out of or in connection with the Trust Deed, the Notes and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with them) against the parties in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

**AGENT**

HSBC Bank plc  
8 Canada Square  
London E14 5HQ

**PAYING AGENT**

HSBC Bank plc  
8 Canada Square  
London E14 5HQ

## SCHEDULE 2

### FORMS OF GLOBAL AND DEFINITIVE NOTES, COUPONS AND TALONS

#### PART 1

##### FORM OF TEMPORARY GLOBAL NOTE

**[ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF THE UNITED STATES) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.]<sup>1</sup>**

**[SEVERN TRENT Plc  
(the Issuer)**

*(incorporated with limited liability in England and Wales with registered number 2366619)*

**SEVERN TRENT UTILITIES FINANCE Plc  
(the Issuer)**

*(incorporated with limited liability in England and Wales with registered number 2914860)]<sup>2</sup>*

[Unconditionally and irrevocably guaranteed by<sup>2</sup>

**SEVERN TRENT WATER LIMITED<sup>3</sup>  
(the Guarantor)**

*(incorporated with limited liability in England and Wales with registered number 2366686)]*

##### TEMPORARY GLOBAL NOTE

This Global Note is a Temporary Global Note in respect of a duly authorised issue of Notes of the Issuer (the **Notes**) of the Aggregate Nominal Amount, Specified Currency(ies) and Specified Denomination(s) as are specified in the Final Terms applicable to the Notes (the **Final Terms**), a copy of which is annexed hereto. References herein to the Conditions shall be to the Terms and Conditions of the Notes as set out in Schedule 1 to the Trust Deed (as defined below) as supplemented by the Final Terms but, in the event of any conflict between the provisions of the said Conditions and the information in the Final Terms, the Final Terms will prevail. Words and expressions defined in the Conditions and the Trust Deed shall bear the same meanings when used in this Global Note.

This Global Note is issued subject to, and with the benefit of, the Conditions and a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 18 December 2000 and made between the Issuer, [Severn Trent Plc/Severn Trent Utilities Finance Plc]<sup>4</sup> Severn Trent Water Limited and The Law Debenture Trust Corporation p.l.c. as trustee for the holders of the Notes.

The Issuer, subject as hereinafter provided and subject to and in accordance with the Conditions and the Trust Deed, promises to pay to the bearer hereof on the Maturity Date and/or on such earlier date(s) as all or any of the Notes represented by this Global Note may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable under the Conditions in respect of such Notes on each

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<sup>1</sup> This legend can be deleted if the notes have an initial maturity of 1 year or less.

<sup>2</sup> Delete as applicable.

<sup>3</sup> The Guarantor in respect of Notes issued by Severn Trent Utilities Finance Plc.

<sup>4</sup> Delete as appropriate

such date and to pay interest (if any) on the nominal amount of the Notes from time to time represented by this Global Note calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed, upon presentation and, at maturity, surrender of this Global Note to or to the order of the Agent or any of the other Paying Agents located outside the United States, its territories and possessions (except as provided in the Conditions) from time to time appointed by the Issuer in respect of the Notes. If the applicable Final Terms indicates that this Global Note is intended to be a New Global Note, the nominal amount of Notes represented by this Global Note shall be the aggregate amount from time to time entered in the records of both Euroclear Bank S.A./N.V. and Clearstream Banking S.A. (together, the **relevant Clearing Systems**). The records of the relevant Clearing Systems (which expression in this Global Note means the records that each relevant Clearing System holds for its customers which reflect the amount of such customer's interest in the Notes and in determining any customer's interest in the Notes, where the same interest is shown in the records of both relevant Clearing Systems, such interest shall not be double-counted) shall be conclusive evidence of the nominal amount of Notes represented by this Global Note and, for these purposes, a statement issued by a relevant Clearing System (which statement shall be made available to the bearer upon request) stating the nominal amount of Notes represented by this Global Note at any time shall be conclusive evidence of the records of the relevant Clearing System at that time.

For so long as all of the Notes are represented by this Global Note and such Global Note is held on behalf of a relevant Clearing System, the Trust Deed provides that consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths of the Notes for the time being outstanding shall be effective as an Extraordinary Resolution of the Noteholders.

If the applicable Final Terms indicates that this Global Note is not intended to be a New Global Note, the nominal amount of the Notes represented by this Global Note shall be the amount stated in the applicable Final Terms or, if lower, the nominal amount most recently entered by or on behalf of the Issuer in the relevant column in Part 2 or Part 3 of Schedule 1 or in Schedule 2.

On any redemption or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by this Global Note the Issuer shall procure that:

- (a) if the applicable Final Terms indicates that this Global Note is intended to be a New Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered pro rata in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed or purchased and cancelled; or
- (b) if the applicable Final Terms indicates that this Global Note is not intended to be a New Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in Schedule 1 and the relevant space in Schedule 1 recording any such redemption, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer. Upon any such redemption or purchase and cancellation, the nominal amount of the Notes represented by this Global Note shall be reduced by the nominal amount of the Notes so redeemed or purchased and cancelled.

Payments due in respect of Notes for the time being represented by this Global Note shall be made to the bearer of this Global Note and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries referred to above shall not affect such discharge.

Payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will only be made to the bearer hereof to the extent that there is presented to the Agent by a relevant Clearing System a certificate to the effect that it has received from or in respect of a person entitled to a particular nominal

amount of the Notes represented by this Global Note (as shown by its records) a certificate of non-US beneficial ownership in the form required by that relevant Clearing System. The bearer of this Global Note will not be entitled to receive any payment hereon due on or after the Exchange Date unless upon due certification exchange of this Global Note is improperly withheld or refused.

On or after the date (the **Exchange Date**) which is 40 days after the Issue Date, this Global Note may be exchanged (free of charge) in whole or in part for, as specified in the Final Terms, either (a) Definitive Notes and (if applicable) Coupons and/or Talons (on the basis that all the appropriate details have been included on the face of such Definitive Notes and (if applicable) Coupons and/or Talons and the relevant information supplementing the Conditions appearing in the Final Terms has been endorsed on or attached to such Definitive Notes) or (b) either, if the applicable Final Terms indicates that this Global Note is intended to be a New Global Note, interests recorded in the records of the relevant Clearing Systems in a Permanent Global Note or if the applicable Final Terms indicates that this Global Note is not intended to be a New Global Note, a Permanent Global Note, which, in either case, is in or substantially in the form set out in Part 2 of Schedule 2 to the Trust Deed (together with the Final Terms attached thereto) in each case upon notice being given by a relevant Clearing System acting on the instructions of any holder of an interest in this Global Note and subject, in the case of Definitive Notes, to such notice period as is specified in the Final Terms.

If Definitive Notes and (if applicable) Coupons and/or Talons have already been issued in exchange for all the Notes represented for the time being by the Permanent Global Note, then this Global Note may only thereafter be exchanged for Definitive Notes and (if applicable) Coupons and/or Talons pursuant to the terms hereof.

This Global Note may be exchanged by the bearer hereof on any day (other than a Saturday or Sunday) on which banks are open for business in London. The Issuer shall procure that Definitive Notes or (as the case may be) the Permanent Global Note shall be issued and delivered and (in the case of the Permanent Global Note where the applicable Final Terms indicates that this Global Note is intended to be a New Global Note) recorded in the records of the relevant Clearing System in exchange for only that portion of this Global Note in respect of which there shall have been presented to the Agent by a relevant Clearing System a certificate to the effect that it has received from or in respect of a person entitled to a particular nominal amount of the Notes represented by this Global Note (as shown by its records) a certificate of non-US beneficial ownership from such person in the form required by that relevant Clearing System.

The aggregate nominal amount of Definitive Notes issued upon an exchange of this Global Note will, subject to the terms hereof, be equal to the aggregate nominal amount of this Global Note submitted by the bearer for exchange (to the extent that such nominal amount does not exceed the aggregate nominal amount of this Global Note).

On an exchange of the whole of this Global Note, this Global Note shall be surrendered to or to the order of the Agent. On an exchange of part only of this Global Note, the Issuer shall procure that:

- (a) if the applicable Final Terms indicates that this Global Note is intended to be a New Global Note, details of such exchange shall be entered pro rata in the records of the relevant Clearing Systems; or
- (b) if the applicable Final Terms indicates that this Global Note is not intended to be a New Global Note, details of such exchange shall be entered by or on behalf of the Issuer in Schedule 2 and the relevant space in Schedule 2 recording such exchange shall be signed by or on behalf of the Issuer, whereupon the nominal amount of this Global Note and the Notes represented by this Global Note shall be reduced by the nominal amount so exchanged. On any exchange of this Global Note for a Permanent Global Note, details of such exchange shall also be entered by or on behalf of the Issuer in Schedule 2 to the Permanent Global Note and the relevant space in Schedule 2 to the Permanent Global Note recording such exchange shall be signed by or on behalf of the Issuer.

Until the exchange of the whole of this Global Note, the bearer of this Global Note shall in all respects (except as otherwise provided in this Global Note) be entitled to the same benefits as if he were the bearer of Definitive Notes and the relative Coupons and/or Talons (if any) represented by this Global Note in the form(s) set out in Part 3, Part 4 and Part 5 (as applicable) of Schedule 2 to the Trust Deed.

Each person who is for the time being shown in the records of a relevant Clearing System as the holder of a beneficial interest in a particular nominal amount of the Notes represented by this Global Note (in which regard any certificate or other document issued by a relevant Clearing System as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, [the Guarantor,] the Trustee, the Agent and any other Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal and interest on such nominal amount of such Notes, the right to which shall be vested, as against the Issuer [and Guarantor] solely in the bearer of this Global Note in accordance with and subject to the terms of this Global Note and the Trust Deed.

For so long as all of the Notes are represented by this Global Note the option of the Noteholders provided for in Condition 7(d) may be exercised by an Accountholder giving notice to the Principal Paying Agent, at any time during normal business hours of such Paying Agent falling within the notice period, of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common depositary or any common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and the Issuer shall procure that the portion of the principal amount of the relevant Global Note so redeemed shall be entered in the records of Euroclear and/or Clearstream, Luxembourg.

For so long as all of the Notes are represented by this Global Note the option of the Noteholders provided for in Condition 7(e) may be exercised by an Accountholder giving notice to the Principal Paying Agent on any day which is a day on which banks are open for business in London falling within the Put Period, of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common depositary or any common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time. Such Accountholder will be required to comply with the standard procedures of the relevant clearing system at such time, which may include blocking the relevant Notes in the relevant clearing system account. Payment by the Issuer in respect of any Note which is the subject of such exercise will be made on the Put Date in accordance with the standard procedures of the relevant clearing system or otherwise in accordance with such information as such Accountholder may be required to specify in the notice exercising its option to require redemption of the Notes.

No rights are conferred on any person by virtue of the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

This Global Note and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, English law and the Issuer submits to the jurisdiction of the English courts for all purposes in connection with this Global Note.

This Global Note shall not be valid unless authenticated by HSBC Bank plc as Agent and, if this Global Note is intended to be a New Global Note (a) which is intended to be held in a manner which would allow Eurosystem eligibility or (b) in respect of which effectuation is to be applicable, effectuated by the entity appointed as common safe-keeper by the relevant Clearing Systems.

**IN WITNESS WHEREOF** the Issuer has caused this Global Note to be signed manually or in facsimile by a person duly authorised on its behalf.

Issued as of .....

**[SEVERN TRENT Plc/  
SEVERN TRENT UTILITIES FINANCE Plc]<sup>5</sup>**

By: .....

**Duly Authorised**

Authenticated without recourse,  
warranty or liability by  
**HSBC Bank plc**  
as Agent.

By: .....

**Authorised Signatory**

[By: .....

**Authorised Signatory]**

[Effectuated without recourse,  
warranty or liability by

.....  
As common safe-keeper

By:]<sup>6</sup>

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<sup>5</sup> Delete as applicable.

<sup>6</sup> Effectuation is only required if this Global Note is a New Global Note (i) which is intended to be a Eurosystem-eligible New Global Note, as specified in the relevant Final Terms or (ii) in respect of which the Issuer has notified the Agent that effectuation is to be applicable.









## PART 2

### FORM OF PERMANENT GLOBAL NOTE

**[ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF THE UNITED STATES) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.]<sup>9</sup>**

**[SEVERN TRENT Plc  
(the Issuer)**

*(incorporated with limited liability in England and Wales with registered number 2366619)/*

**SEVERN TRENT UTILITIES FINANCE Plc  
(the Issuer)**

*(incorporated with limited liability in England and Wales with registered number 2914860)]<sup>10</sup>*

[Unconditionally and irrevocably guaranteed by

**SEVERN TRENT WATER LIMITED<sup>11</sup>  
(the Guarantor)**

*(incorporated with limited liability in England and Wales with registered number 2366686)]*

### PERMANENT GLOBAL NOTE

This Global Note is a Permanent Global Note in respect of a duly authorised issue of Notes of the Issuer (the **Notes**) of the Aggregate Nominal Amount, Specified Currency(ies) and Specified Denomination(s) as are specified in the Final Terms applicable to the Notes (the **Final Terms**), a copy of which is annexed hereto. References herein to the Conditions shall be to the Terms and Conditions of the Notes as set out in Schedule 1 to the Trust Deed (as defined below) as supplemented by the Final Terms but, in the event of any conflict between the provisions of the said Conditions and the information in the Final Terms, the Final Terms will prevail. Words and expressions defined in the Conditions shall bear the same meanings when used in this Global Note.

This Global Note is issued subject to, and with the benefit of, the Conditions and a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 18 December 2000 and made between the Issuer, Severn Trent Water Limited, [Severn Trent Plc/Severn Trent Utilities Finance Plc]<sup>12</sup> and The Law Debenture Trust Corporation p.l.c. as trustee for the holders of the Notes.

The Issuer, subject to and in accordance with the Conditions and the Trust Deed, promises to pay to the bearer hereof on the Maturity Date and/or on such earlier date(s) as all or any of the Notes represented by this Global Note may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable under the Conditions in respect of such Notes on each such date and to pay interest (if any) on the nominal amount of the Notes from time to time represented by this Global Note calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed, upon presentation and, at maturity, surrender of this Global Note to or to the order of the Agent or any of the other Paying Agents located outside the United States, its territories and possessions (except as provided in the Conditions) from time to time appointed by the Issuer in respect of the

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<sup>9</sup> This legend can be deleted if the Notes have an initial maturity of 1 year or less.

<sup>10</sup> Delete as applicable.

<sup>11</sup> The Guarantor in respect of Notes issued by Severn Trent Utilities Finance Plc.

<sup>12</sup> Delete as appropriate.

Notes. If the applicable Final Terms indicates that this Global Note is intended to be a New Global Note, the nominal amount of Notes represented by this Global Note shall be the aggregate amount from time to time entered in the records of both Euroclear Bank S.A./N.V. and Clearstream Banking S.A. (together, the **relevant Clearing Systems**). The records of the relevant Clearing Systems (which expression in this Global Note means the records that each relevant Clearing System holds for its customers which reflect the amount of such customer's interest in the Notes and in determining any customer's interest in the Notes, where the same interest is shown in the records of both relevant Clearing Systems, such interest shall not be double-counted) shall be conclusive evidence of the nominal amount of Notes represented by this Global Note and, for these purposes, a statement issued by a relevant Clearing System (which statement shall be made available to the bearer upon request) stating the nominal amount of Notes represented by this Global Note at any time shall be conclusive evidence of the records of the relevant Clearing System at that time.

For so long as all of the Notes are represented by this Global Note and such Global Note is held on behalf of a relevant Clearing System, the Trust Deed provides that consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths of the Notes for the time being outstanding shall be effective as an Extraordinary Resolution of the Noteholders.

If the applicable Final Terms indicates that this Global Note is not intended to be a New Global Note, the nominal amount of the Notes represented by this Global Note shall be the amount stated in the applicable Final Terms or, if lower, the nominal amount most recently entered by or on behalf of the Issuer in the relevant column in Part 2 or Part 3 of Schedule 1 or in Schedule 2.

On any redemption or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by this Global Note the Issuer shall procure that:

- (a) if the applicable Final Terms indicates that this Global Note is intended to be a New Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered pro rata in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed or purchased and cancelled; or
- (b) if the applicable Final Terms indicates that this Global Note is not intended to be a New Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in Schedule 1 and the relevant space in Schedule 1 recording any such redemption, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer. Upon any such redemption or purchase and cancellation, the nominal amount of the Notes represented by this Global Note shall be reduced by the nominal amount of the Notes so redeemed or purchased and cancelled.

Payments due in respect of Notes for the time being represented by this Global Note shall be made to the bearer of this Global Note and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries referred to above shall not affect such discharge.

Where the Notes have initially been represented by one or more Temporary Global Notes, on any exchange of any such Temporary Global Note for this Global Note or any part of it, the Issuer shall procure that:

- (a) if the applicable Final Terms indicates that this Global Note is intended to be a New Global Note, details of such exchange shall be entered in the records of the relevant Clearing Systems; or
- (b) [on any exchange of the Temporary Global Note issued in respect of the Notes for this Global Note or any part hereof, details of such exchange shall be entered by or on behalf of the Issuer in Schedule 2 hereto and the relevant space in Schedule 2 hereto recording such exchange shall be signed by or

on behalf of the Issuer, whereupon the nominal amount of this Global Note and the Notes represented by this Global Note shall be increased by the nominal amount of the Temporary Global Note so exchanged.]<sup>13</sup>; or

- (c) [upon any further Tranche of Notes of this Series being issued, details of such increase in the size of the Series shall be entered by or on behalf of the Issuer in Schedule 2 hereto and the relevant space in Schedule 2 hereto recording such increase shall be signed by or on behalf of the Issuer, whereupon the nominal amount of this Global Note and the Notes represented by this Global Note shall be increased by the nominal amount of such further Tranche.]<sup>14</sup>

In certain circumstances further notes may be issued which are intended on issue to be consolidated and form a single Series with the Notes. In such circumstances the Issuer shall procure that:

- (a) if the applicable Final Terms indicates that this Global Note is intended to be a New Global Note, details of such further notes may be entered in the records of the relevant Clearing Systems such that the nominal amount of Notes represented by this Global Note may be increased by the amount of such further notes so issued; or
- (b) if the applicable Final Terms indicates that this Global Note is not intended to be a New Global Note, details of such further notes shall be entered by or on behalf of the Issuer in Schedule 2 and the relevant space in Schedule 2 recording such exchange shall be signed by or on behalf of the Issuer, whereupon the nominal amount of the Notes represented by this Global Note shall be increased by the nominal amount of any such Temporary Global Note so exchanged.

This Global Note may be exchanged (free of charge) in whole, but not in part, for Definitive Notes and (if applicable) Coupons and/or Talons in or substantially in the forms set out in Part 3, Part 4 and Part 5 of Schedule 2 to the Trust Deed (on the basis that all the appropriate details have been included on the face of such Definitive Notes and (if applicable) Coupons and/or Talons and the relevant information supplementing the Conditions appearing in the Final Terms has been endorsed on or attached to such Definitive Notes) either, as specified in the applicable Final Terms:

- (a) upon not less than 60 days' written notice being given to the Agent by one or more of the relevant Clearing Systems acting on the instructions of any holder of an interest in this Global Note; or
- (b) upon the occurrence of an Exchange Event.

An **Exchange Event** means:

- (i) the Issuer has been notified that both the relevant Clearing Systems have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available; or
- (ii) the Issuer [or the Guarantor] has or will become subject to adverse tax consequences which (A) are the result of any legislative change in the United Kingdom, and (B) would not be suffered were the Notes in definitive form and a certificate to such effect is given by two Directors of the Issuer [or the Guarantor] to the Trustee.

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<sup>13</sup> Delete where the issue is made in accordance with TEFRA C.

<sup>14</sup> Delete where the issue is made in accordance with TEFRA D.

If this Global Note is exchangeable following the occurrence of an Exchange Event:

- (A) the Issuer will promptly give notice to Noteholders in accordance with Condition 14 upon the occurrence of such Exchange Event; and
- (B) one or more of the relevant Clearing Systems (acting on the instructions of any holder of an interest in this Global Note) or the Trustee may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in paragraph (ii) above, the Issuer may also give notice to the Agent requesting exchange.

Any such exchange will be made on any day (other than a Saturday or Sunday) on which banks are open for general business in London by the bearer of this Global Note. On an exchange of this Global Note, this Global Note shall be surrendered to or to the order of the Agent. The aggregate nominal amount of Definitive Notes issued upon an exchange of this Global Note will be equal to the aggregate nominal amount of this Global Note at the time of such exchange.

Until the exchange of this Global Note, the bearer of this Global Note shall in all respects (except as otherwise provided in this Global Note) be entitled to the same benefits as if he were the bearer of Definitive Notes and the relative Coupons and/or Talons (if any) represented by this Global Note in the form(s) set out in Part 3, Part 4 and Part 5 (as applicable) of Schedule 2 to the Trust Deed.

Each person who is for the time being shown in the records of a relevant Clearing System as the holder of a beneficial interest in a particular nominal amount of the Notes represented by this Global Note (in which regard any certificate or other document issued by a relevant Clearing System as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, [the Guarantor,] the Trustee, the Agent and any other Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal and interest on such nominal amount of such Notes, the right to which shall be vested, as against the Issuer [and Guarantor] solely in the bearer of this Global Note in accordance with and subject to the terms of this Global Note and the Trust Deed.

For so long as all of the Notes are represented by this Global Note the option of the Noteholders provided for in Condition 7(d) may be exercised by an Accountholder giving notice to the Principal Paying Agent, at any time during normal business hours of such Paying Agent falling within the notice period, of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common depositary or any common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and the Issuer shall procure that the portion of the principal amount of the relevant Global Note so redeemed shall be entered in the records of Euroclear and/or Clearstream, Luxembourg.

For so long as all of the Notes are represented by this Global Note the option of the Noteholders provided for in Condition 7(e) may be exercised by an Accountholder giving notice to the Principal Paying Agent on any day which is a day on which banks are open for business in London falling within the Put Period, of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common depositary or any common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time. Such Accountholder will be required to comply with the standard procedures of the relevant clearing system at such time, which may include blocking the relevant Notes in the relevant clearing system account. Payment by the Issuer in respect of any Note which is the subject of such exercise will be made on the Put Date in accordance with the standard procedures of the relevant clearing system or otherwise in accordance with

such information as such Accountholder may be required to specify in the notice exercising its option to require redemption of the Notes.

No rights are conferred on any person by virtue of the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

This Global Note and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, English law and the Issuer submits to the jurisdiction of the English courts for all purposes in connection with this Global Note.

This Global Note shall not be valid unless authenticated by HSBC Bank plc as Agent and, if this Global Note is intended to be a New Global Note (a) which is intended to be held in a manner which would allow Eurosystem eligibility or (b) in respect of which effectuation is to be applicable, effectuated by the entity appointed as common safe-keeper by the relevant Clearing Systems.

**IN WITNESS WHEREOF** the Issuer has caused this Global Note to be signed manually or in facsimile by a person duly authorised on its behalf.

Issued as of .....

**[SEVERN TRENT Plc/  
SEVERN TRENT UTILITIES FINANCE PLC]<sup>15</sup>**

By: .....

**Duly Authorised**

Authenticated without recourse,  
warranty or liability by  
**HSBC Bank plc**  
as Agent.

By: .....

**Authorised Signatory**

[By: .....

**Authorised Signatory]**

[Effectuated without recourse,  
warranty or liability by

.....

as common safe-keeper

By: ]<sup>16</sup>

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<sup>15</sup> Delete as applicable.

<sup>16</sup> Effectuation is only required if this Global Note is a New Global Note (i) which is intended to be a Eurosystem-eligible New Global Note, as specified in the relevant Final Terms or (ii) in respect of which the Issuer has notified the Agent that effectuation is to be applicable.









**PART 3**

**FORM OF DEFINITIVE NOTE**

**[ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF THE UNITED STATES) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.]<sup>21</sup>**

**[SEVERN TRENT Plc  
(the Issuer)**

*(incorporated with limited liability in England and Wales with registered number 2366619)/*

**SEVERN TRENT UTILITIES FINANCE Plc  
(the Issuer)**

*(incorporated with limited liability in England and Wales with registered number 2914860)]<sup>22</sup>*

[Unconditionally and irrevocably guaranteed by

**SEVERN TRENT WATER LIMITED**

*(incorporated with limited liability in England and Wales with registered number 2366686)]<sup>23</sup>*

**[Specified Currency and Aggregate Nominal Amount of Tranche]**

**NOTES DUE**

**[Year of Maturity]**

This Note is one of a Series of Notes of [Specified Currency(ies) and Specified Denomination(s)] each of the Issuer (**Notes**). References herein to the Conditions shall be to the Terms and Conditions [endorsed hereon/set out in Schedule 1 to the Trust Deed (as defined below) which shall be incorporated by reference herein and have effect as if set out herein] as supplemented by the relevant information (appearing in the Final Terms (the **Final Terms**)) endorsed hereon but, in the event of any conflict between the provisions of the said Conditions and such information in the Final Terms, such information will prevail. Words and expressions defined in the Conditions shall bear the same meanings when used in this Note. This Note is issued subject to, and with the benefit of, the Conditions and a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 18 December 2000 and made between the Issuer, Severn Trent Water Limited, [Severn Trent Plc/Severn Trent Utilities Finance Plc]<sup>24</sup> and The Law Debenture Trust Corporation p.l.c. as trustee for the holders of the Notes.

The Issuer, subject to and in accordance with the Conditions and the Trust Deed, promises to pay to the bearer hereof on the Maturity Date or on such earlier date as this Note may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable on redemption of this Note and to pay interest (if any) on the nominal amount of this Note calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed.

This Note shall not be valid unless authenticated by HSBC Bank plc as Agent.

**IN WITNESS WHEREOF** this Note has been executed on behalf of the Issuer.

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<sup>21</sup> This legend can be deleted if the Notes have an initial maturity of 1 year or less.

<sup>22</sup> Delete as applicable.

<sup>23</sup> The Guarantor in respect of Notes issued by Severn Trent Utilities Finance Plc.

<sup>24</sup> Delete as applicable.

Issued as of .....

**[SEVERN TRENT Plc/  
SEVERN TRENT UTILITIES FINANCE Plc]**

By: .....  
**Duly Authorised**

Authenticated by  
**HSBC Bank plc**  
as Agent.

By: .....  
**Authorised Signatory**

[By: .....  
**Authorised Signatory]**

**[Conditions]**

[Conditions to be as set out in the Schedule 1 to this Trust Deed or such other form as may be agreed between the relevant Issuer, the Guarantor, the Agent, the Trustee and the relevant Dealer(s), but shall not be endorsed if not required by the relevant Stock Exchange]

## **Final Terms**

[Here to be set out the text of the relevant information supplementing the Conditions which appears in the Final Terms relating to the Notes]

**PART 4**

**FORM OF COUPON**

On the front:

**[SEVERN TRENT Plc**

*(incorporated with limited liability in England and Wales with registered number 2366619)/*

**SEVERN TRENT UTILITIES FINANCE Plc**

*(incorporated with limited liability in England and Wales with registered number 2914860)]<sup>25</sup>*

**[Specified Currency and Nominal Amount of Tranche]**

**NOTES DUE**

**[Year of Maturity]**

**Series No. [ ]**

[Coupon appertaining to a Note in the denomination of [Specified Currency and Specified Denomination]].<sup>26</sup>

**Part A**

**[For Fixed Rate Notes:**

This Coupon is payable to bearer, separately negotiable and subject to the Terms and Conditions of the said Notes.

Coupon for  
[ ]  
due on [ ], [ ]]

**Part B**

**[For Floating Rate Notes or Index-Linked Interest Notes:**

Coupon for the amount due in accordance with the Terms and Conditions endorsed on, attached to or incorporated by reference into the said Notes on [the Interest Payment Date falling in [ ] [ ]/[ ]].

This Coupon is payable to bearer, separately negotiable and subject to such Terms and Conditions, under which it may become void before its due date.]

**[ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF THE UNITED STATES) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.]<sup>27</sup>**

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<sup>25</sup> Delete as applicable.

<sup>26</sup> Delete where the Notes are all of the same denomination.

<sup>27</sup> Delete where the original maturity of the Notes is 1 year or less.

**PART 5**  
**FORM OF TALON**

On the front:

**[SEVERN TRENT Plc**  
*(incorporated with limited liability in England and Wales with registered number 2366619)/*

**SEVERN TRENT UTILITIES FINANCE Plc**  
*(incorporated with limited liability in England and Wales with registered number 2914860)]<sup>28</sup>*

**[Specified Currency and Nominal Amount of Tranche]**  
**NOTES DUE**  
**[Year of Maturity]**

**Series No. [ ]**

[Talon appertaining to a Note in the denomination of [Specified Currency and Specified Denomination]]<sup>29</sup>.

On and after [ ] further Coupons [and a further Talon]<sup>30</sup> appertaining to the Note to which this Talon appertains will be issued at the specified office of any of the Paying Agents set out on the reverse hereof (and/or any other or further Paying Agents and/or specified offices as may from time to time be duly appointed and notified to the Noteholders) upon production and surrender of this Talon.

This Talon may, in certain circumstances, become void under the Terms and Conditions endorsed on the Note to which this Talon appertains.

**[ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF THE UNITED STATES) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.]<sup>31</sup>**

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<sup>28</sup> Delete as applicable.

<sup>29</sup> Delete where the Notes are all of the same denomination.

<sup>30</sup> Not required on last Coupon sheet.

<sup>31</sup> Delete where the original maturity of the Notes is 1 year or less.

On the back of Coupons and Talons:

**AGENT**

HSBC Bank plc  
8 Canada Square  
London E14 5HQ

**PAYING AGENT**

HSBC Bank plc  
8 Canada Square  
London E14 5HQ

### SCHEDULE 3

#### PROVISIONS FOR MEETINGS OF NOTEHOLDERS

1. 1.1 As used in this Schedule the following expressions shall have the following meanings unless the context otherwise requires:
  - (a) **voting certificate** shall mean an English language certificate issued by a Paying Agent and dated in which it is stated:
    - (i) that on the date thereof Notes (whether in definitive form or represented by a Global Note and not being Notes in respect of which a block voting instruction has been issued and is outstanding in respect of the meeting specified in such voting certificate or any adjourned such meeting) were deposited with such Paying Agent or (to the satisfaction of such Paying Agent) were held to its order or under its control or blocked in an account with a clearing system and that no such Notes will cease to be so deposited or held or blocked until the first to occur of:
      - (A) the conclusion of the meeting specified in such certificate or, if later, of any adjourned such meeting; and
      - (B) the surrender of the certificate to the Paying Agent who issued the same; and
    - (ii) that the bearer thereof is entitled to attend and vote at such meeting and any adjourned such meeting in respect of the Notes represented by such certificate;
  - (b) **block voting instruction** shall mean an English language document issued by a Paying Agent and dated in which:
    - (i) it is certified that Notes (whether in definitive form or represented by a Global Note and not being Notes in respect of which a voting certificate has been issued and is outstanding in respect of the meeting specified in such block voting instruction and any adjourned such meeting) have been deposited with such Paying Agent or (to the satisfaction of such Paying Agent) were held to its order or under its control or blocked in an account with a clearing system and that no such Notes will cease to be so deposited or held or blocked until the first to occur of:
      - (A) the conclusion of the meeting specified in such document or, if later, of any adjourned such meeting; and
      - (B) the surrender to the Paying Agent not less than 48 hours before the time for which such meeting or any adjourned such meeting is convened of the receipt issued by such Paying Agent in respect of each such deposited Note which is to be released or (as the case may require) the Note or Notes ceasing with the agreement of the Paying Agent to be held to its order or under its control or so blocked and the giving of notice by the Paying Agent to the relevant Issuer in accordance with paragraph 17 hereof of the necessary amendment to the block voting instruction;

- (ii) it is certified that each holder of such Notes or a duly authorised agent on his behalf has instructed such Paying Agent that the vote(s) attributable to the Note or Notes so deposited or held or blocked should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any adjourned such meeting and that all such instructions are during the period commencing 48 hours prior to the time for which such meeting or any adjourned such meeting is convened and ending at the conclusion or adjournment thereof neither revocable nor capable of amendment;
  - (iii) the aggregate principal amount of the Notes so deposited or held or blocked are listed distinguishing with regard to each such resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
  - (iv) one or more persons named in such document (each hereinafter called a **proxy**) is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in subparagraph (iii) above as set out in such document;
- (c) **24 hours** shall mean a period of 24 hours including all or part of a day upon which banks are open for business in both the place where the relevant meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business in all of the places as aforesaid; and
- (d) **48 hours** shall mean a period of 48 hours including all or part of two days upon which banks are open for business both in the place where the relevant meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of two days upon which banks are open for business in all of the places as aforesaid.

1.2 A holder of a Note (whether in definitive form or represented by a Global Note) may obtain a voting certificate in respect of such Note from a Paying Agent or require a Paying Agent to issue a block voting **instruction** in respect of such Note by depositing such Note with such Paying Agent or (to the satisfaction of such Paying Agent) by such Note being held to its order or under its control or being blocked in an account with a clearing system, in each case not less than 48 hours before the time fixed for the relevant meeting and on the terms set out in subparagraph 1.1(a)(a) or 1.1(a)(b) above (as the case may be), and (in the case of a block voting instruction) instructing such Paying Agent to the effect set out in sub paragraph 1.1(a)(b) above. The holder of any voting certificate or the proxies named in any block voting instruction shall for all purposes in connection with the relevant meeting or adjourned meeting of Noteholders be deemed to be the holder of the Notes to which such voting certificate or block voting instruction relates and the Paying Agent with which such Notes have been deposited or the person holding the same to the order or under the control of such Paying Agent or the clearing system in which such Notes have been blocked shall be deemed for such purposes not to be the holder of those Notes.

2. The relevant Issuer, the Guarantor or the Trustee may at any time and the relevant Issuer shall upon a requisition in writing in the English language signed by the holders of not less than five per cent. in nominal amount of the Notes for the time being outstanding convene a meeting of the Noteholders and if the relevant Issuer makes default for a period of seven days in convening such a meeting the same may be convened by the Trustee or the requisitionists. Every such meeting shall be held at such time and place as the Trustee may appoint or approve.
3. At least 21 days' notice (exclusive of the day on which the notice is given and the day on which the meeting is to be held) specifying the place, day and hour of the meeting shall be given to the holders of the relevant Notes prior to any meeting of such holders in the manner provided by Condition 14. Such notice, which shall be in the English language, shall state generally the nature of the business to be transacted at the meeting thereby convened but (except for an Extraordinary Resolution) it shall not be necessary to specify in such notice the terms of any resolution to be proposed. Such notice shall include statements, if applicable, to the effect that Notes may, not less than 48 hours before the time fixed for the meeting, be deposited with Paying Agents or (to their satisfaction) held to their order or under their control or blocked in an account with a clearing system for the purpose of obtaining voting certificates or appointing proxies. A copy of the notice shall be sent by post to the Trustee (unless the meeting is convened by the Trustee), to the relevant Issuer (unless the meeting is convened by the relevant Issuer) and to the Guarantor (unless the meeting is convened by the Guarantor).
4. A person (who may but need not be a Noteholder) nominated in writing by the Trustee shall be entitled to take the chair at the relevant meeting or adjourned meeting but if no such nomination is made or if at any meeting or adjourned meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting or adjourned meeting the Noteholders present shall choose one of their number to be Chairman, failing which the relevant Issuer may appoint a Chairman. The Chairman of an adjourned meeting need not be the same person as was Chairman of the meeting from which the adjournment took place.
5. At any such meeting one or more persons present holding Definitive Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-tenth of the nominal amount of the Notes for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of the relevant business. The quorum at any such meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more persons present holding Definitive Notes or voting certificates or being proxies and holding or representing in the aggregate more than 50% in nominal amount of the Notes for the time being outstanding provided that at any meeting the business of which includes any of the following matters (each of which shall, subject only to Clause 19.2(b), only be capable of being effected after having been approved by Extraordinary Resolution) namely:
  - (a) reduction or cancellation of the amount payable or, where applicable, modification, except where such modification is in the opinion of the Trustee bound to result in an increase, of the method of calculating the amount payable or modification of the date of payment or, where applicable, of the method of calculating the date of payment in respect of any principal or interest in respect of the Notes;
  - (b) alteration of the currency in which payments under the Notes and Coupons are to be made;
  - (c) alteration of the majority required to pass an Extraordinary Resolution;
  - (d) the sanctioning of any such scheme or proposal as is described in subparagraph 18.1(a)(i) below; and

- (e) alteration of this proviso or the proviso to paragraph 6 below;

the quorum shall be one or more persons present holding Definitive Notes or voting certificates or being proxies and holding or representing in the aggregate not less than three-quarters of the nominal amount of the Notes for the time being outstanding.

6. If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any such meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period, being not less than 13 clear days nor more than 42 clear days, and to such place as may be appointed by the Chairman either at or subsequent to such meeting and approved by the Trustee). If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairman may either (with the approval of the Trustee) dissolve such meeting or adjourn the same for such period, being not less than 13 clear days (but without any maximum number of clear days), and to such place as may be appointed by the Chairman either at or subsequent to such adjourned meeting and approved by the Trustee, and the provisions of this sentence shall apply to all further adjourned such meetings. At any adjourned meeting one or more persons present holding Definitive Notes of the relevant one or more Series or voting certificates or being proxies (whatever the nominal amount of the Notes so held or represented by them) shall (subject as provided below) form a quorum and shall have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present provided that at any adjourned meeting the quorum for the transaction of business comprising any of the matters specified in the proviso to paragraph 5 above shall be one or more persons present holding Definitive Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-quarter of the nominal amount of the Notes for the time being outstanding.
7. Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in paragraph 3 above and such notice shall state the relevant quorum. Subject as aforesaid it shall not be necessary to give any notice of an adjourned meeting.
8. Every question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Noteholder or as a holder of a voting certificate or as a proxy.
9. At any meeting unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman, the relevant Issuer, the Guarantor, the Trustee or any person present holding a Definitive Note of the relevant Series or a voting certificate or being a proxy and holding or representing in the aggregate not less than one-fiftieth in nominal amount of the Notes for the time being outstanding a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

10. Subject to paragraph 12 below, if at any such meeting a poll is so demanded it shall be taken in such manner and subject as hereinafter provided either at once or after an adjournment as the Chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.
11. The Chairman may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.
12. Any poll demanded at any such meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.
13. The Trustee and its lawyers and any director, officer or employee of a corporation being a trustee of these presents and any director or officer of the relevant Issuer or, as the case may be, the Guarantor and its or their lawyers and any other person authorised so to do by the Trustee may attend and speak at any meeting. Save as aforesaid, but without prejudice to the proviso to the definition of "outstanding" in Clause 1, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of Noteholders or join with others in requesting the convening of such a meeting or to exercise the rights conferred on Noteholders by Conditions 10 and 15 unless he either produces the Definitive Note or Definitive Notes of which he is the holder or a voting certificate or is a proxy. No person shall be entitled to vote at any meeting in respect of Notes held by, for the benefit of, or on behalf of, the relevant Issuer, the Guarantor, any Subsidiary or holding company of the relevant Issuer or the Guarantor or any other Subsidiary of any such holding company. Nothing herein shall prevent any of the proxies named in any block voting instruction or form of proxy from being a director, officer or representative of or otherwise connected with the relevant Issuer or the Guarantor.
14. Subject as provided in paragraph 13 hereof at any meeting:
  - (a) on a show of hands every person who is present in person and produces a Definitive Note or voting certificate or is a proxy shall have one vote; and
  - (b) on a poll every person who is so present shall have one vote in respect of each €1.00 or such other amount as the Trustee may in its absolute discretion stipulate (or, in the case of meetings of holders of Notes denominated in another currency, such amount in such other currency as the Trustee in its absolute discretion may stipulate) in nominal amount of the Definitive Notes so produced or represented by the voting certificate so produced or in respect of which he is a proxy.

Without prejudice to the obligations of the proxies named in any block voting instruction or form of proxy any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

15. The proxies named in any block voting instruction or form of proxy need not be Noteholders.
16. Each block voting instruction together (if so requested by the Trustee) with proof satisfactory to the Trustee of its due execution on behalf of the relevant Paying Agent shall be deposited by the relevant Paying Agent at such place as the Trustee shall approve not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the block voting instruction propose to vote and in default the block voting instruction shall not be treated as valid unless the Chairman of the meeting decides otherwise before such meeting or adjourned

meeting proceeds to business. A notarially certified copy of each block voting instruction shall be deposited with the Trustee before the commencement of the meeting or adjourned meeting but the Trustee shall not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxies named in any such block voting instruction.

17. Any vote given in accordance with the terms of a block voting instruction shall be valid notwithstanding the previous revocation or amendment of the block voting instruction or of any of the relevant Noteholders' instructions pursuant to which it was executed provided that no intimation in writing of such revocation or amendment shall have been received from the relevant Paying Agent by the relevant Issuer at its registered office (or such other place as may have been required or approved by the Trustee for the purpose) by the time being 24 hours before the time appointed for holding the meeting or adjourned meeting at which the block voting instruction is to be used.
18. A meeting of the Noteholders shall in addition to the powers hereinbefore given have the following powers exercisable only by Extraordinary Resolution (subject to the provisions relating to quorum contained in paragraphs 5 and 6 above) namely:
  - (a) Power to sanction any compromise or arrangement proposed to be made between the relevant Issuer, the Guarantor, the Trustee, any Appointee and the Noteholders and Couponholders or any of them.
  - (b) Power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Trustee, any Appointee, the Noteholders, Couponholders, the relevant Issuer or the Guarantor or against any other or others of them or against any of their property whether such rights shall arise under these presents or otherwise.
  - (c) Power to assent to any modification of the provisions of these presents which shall be proposed by the relevant Issuer, the Guarantor, the Trustee or any Noteholder.
  - (d) Power to give any authority or sanction which under the provisions of these presents is required to be given by Extraordinary Resolution.
  - (e) Power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution.
  - (f) Power to approve of a person to be appointed a trustee and power to remove any trustee or trustees for the time being of these presents.
  - (g) Power to discharge or exonerate the Trustee and/or any Appointee from all liability in respect of any act or omission for which the Trustee and/or such Appointee may have become responsible under these presents.
  - (h) Power to authorise the Trustee and/or any Appointee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution.
  - (i) Power to sanction any scheme or proposal for the exchange or sale of the Notes for or the conversion of the Notes into or the cancellation of the Notes in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the relevant Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes,

bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash.

19. Any resolution passed at a meeting of the Noteholders duly convened and held in accordance with these presents shall be binding upon all the Noteholders whether present or not present at such meeting and whether or not voting and upon all Couponholders and each of them shall be bound to give effect thereto accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof. Notice of the result of the voting on any resolution duly considered by the Noteholders shall be published in accordance with Condition 14 by the relevant Issuer within 14 days of such result being known provided that the non-publication of such notice shall not invalidate such result.
20. The expression **Extraordinary Resolution** when used in these presents means (a) a resolution passed at a meeting of the Noteholders duly convened and held in accordance with these presents by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three-fourths of the votes cast on such poll; or (b) a resolution in writing signed by or on behalf of all the Noteholders, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders; or (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Trustee) by or on behalf of the holders/the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding.
21. Minutes of all resolutions and proceedings at every meeting of the Noteholders shall be made and entered in books to be from time to time provided for that purpose by the relevant Issuer and any such minutes as aforesaid if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings transacted shall be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted.
22. 22.1 If and whenever the relevant Issuer shall have issued and have outstanding Notes of more than one Series the foregoing provisions of this Schedule shall have effect subject to the following modifications:
  - (a) a resolution which in the opinion of the Trustee affects the Notes of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Notes of that Series;
  - (b) a resolution which in the opinion of the Trustee affects the Notes of more than one Series but does not give rise to a conflict of interest between the holders of Notes of any of the Series so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Notes of all the Series so affected;
  - (c) a resolution which in the opinion of the Trustee affects the Notes of more than one Series and gives or may give rise to a conflict of interest between the holders of the Notes of one Series or group of Series so affected and the holders of the Notes of another Series or group of Series so affected shall be deemed to have been duly passed only if passed at separate meetings of the holders of the Notes of each Series or group of Series so affected; and
  - (d) to all such meetings all the preceding provisions of this Schedule shall *mutatis mutandis* apply as though references therein to Notes and Noteholders were

references to the Notes of the Series or group of Series in question or to the holders of such Notes, as the case may be.

22.2 If the relevant Issuer shall have issued and have outstanding Notes which are not denominated in euro in the case of any meeting of holders of Notes of more than one currency the principal amount of such Notes shall (a) for the purposes of paragraph 2 above be the equivalent in euro at the spot rate of a bank nominated by the Trustee for the conversion of the relevant currency or currencies into euro on the seventh dealing day prior to the day on which the requisition in writing is received by the relevant Issuer and (b) for the purposes of paragraphs 5, 6 and 14 above (whether in respect of the meeting or any adjourned such meeting or any poll resulting therefrom) be the equivalent at such spot rate on the seventh dealing day prior to the day of such meeting. In such circumstances, on any poll each person present shall have one vote for each €1.00 (or such other euro amount as the Trustee may in its absolute discretion stipulate) in nominal amount of the Notes (converted as above) which he holds or represents.

23. Subject to all other provisions of these presents the Trustee may without the consent of the relevant Issuer, the Guarantor, the Noteholders or the Couponholders prescribe such further regulations regarding the requisitioning and/or the holding of meetings of Noteholders and attendance and voting thereat as the Trustee may in its sole discretion think fit.

**SIGNATORIES**

**SIGNED** as a **DEED** by )  
**SEVERN TRENT Plc** )  
acting by its Director )  
 )  
in the presence of: )

**SIGNED** as a **DEED** by )  
**SEVERN TRENT UTILITIES** )  
**FINANCE Plc** acting by its Director )  
 )  
in the presence of: )

**SIGNED** as a **DEED** by )  
**SEVERN TRENT WATER LIMITED** )  
acting by its Director )  
 )  
in the presence of: )

**THE COMMON SEAL of** )  
**THE LAW DEBENTURE TRUST** )  
**CORPORATION p.l.c.** was affixed to )  
this **DEED** in the presence of: )

DATED 18 DECEMBER 2000

**SEVERN TRENT Plc**

(as Issuer)

– and –

**SEVERN TRENT UTILITIES FINANCE Plc**

(as Issuer)

– and –

**SEVERN TRENT WATER LIMITED**

(as Guarantor in respect of Notes issued by Severn Trent Utilities Finance Plc)

– and –

**THE LAW DEBENTURE TRUST CORPORATION p.l.c.**

(as Trustee)

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TRUST DEED

relating to a

€6,000,000,000

Euro Medium Term Note Programme

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**SIGNATORIES**

**SIGNED as a DEED by** )  
**SEVERN TRENT Plc** )  
acting by its Director )

in the presence of: )

**SIGNED as a DEED by** )  
**SEVERN TRENT UTILITIES** )  
**FINANCE Plc** )  
acting by its Director )

in the presence of: )

**SIGNED as a DEED by** )  
**SEVERN TRENT WATER LIMITED** )  
acting by its Director )

in the presence of: )

**THE COMMON SEAL of THE LAW** )  
**DEBENTURE TRUST CORPORATION** )  
**p.l.c.** was affixed to this **DEED** )  
in the presence of: )

DATED 21 JUNE 2017

**SEVERN TRENT PLC**

(as Issuer)

– and –

**SEVERN TRENT UTILITIES FINANCE Plc**

(as Issuer)

– and –

**SEVERN TRENT WATER LIMITED**

(as Guarantor in respect of Notes issued by Severn Trent Utilities Finance Plc)

– and –

**THE LAW DEBENTURE TRUST CORPORATION p.l.c.**

(as Trustee)

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TENTH SUPPLEMENTAL TRUST DEED

modifying and restating the provisions of the

Trust Deed dated 18 December 2000

€6,000,000,000

Euro Note Programme

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