

Project Crabtree – Term Sheet

This key commercial term sheet (the “**Term Sheet**”) summarises a transaction involving, amongst other things, the provision of funding on a super senior basis and certain debt extensions relating to the TWU Financing Group to be implemented by way of an English law restructuring plan under Part 26A of the Companies Act 2006 (the “**Restructuring Plan**”) to be proposed by Thames Water Utilities Holdings Limited (“**TWUHL**”).

Unless otherwise defined herein, capitalised terms used in this Term Sheet shall have the meaning given to them in the master definitions agreement originally dated 30 August 2007, between *inter alios*, Thames Water Utilities Finance plc (“**TWUF**”), Thames Water Utilities Limited (“**TWUL**” or the “**Company**”) and TWUHL, and Deutsche Trustee Company Limited as Security Trustee, as amended and restated from time to time (the “**MDA**”) and/or the transaction support agreement between, amongst others, TWUL, TWUF and TWUHL (the “**Transaction Support Agreement**”). In the case of conflict between the defined terms of the MDA and the Transaction Support Agreement, those set out in the Transaction Support Agreement shall prevail.

This Term Sheet is governed by English law. The matters set out in this Term Sheet are summary terms and are not intended to include all the terms and conditions which will be set out in full in the final documentation for the Transaction.

This Term Sheet is subject to negotiation, tax structuring, execution and delivery of mutually acceptable definitive documentation and satisfaction of all conditions precedent that may be specified in such definitive documentation, including the Transaction Support Agreement.

Part 1

Key Summary of Restructuring

<p>1 Summary of the Transaction</p>	<p>Upon the Restructuring Plan becoming fully effective in accordance with its terms (the “Plan Effective Date”), amongst other things:</p> <ul style="list-style-type: none"> (i) the debt extensions as detailed below shall take effect; (ii) super senior funding on terms as set out in Part 2 below (the “Super Senior Funding”) shall be entered into; and (iii) certain amendments to the existing Finance Documents, as set out below, shall take effect.
<p>2 The Debt Extension of Class A and Class B:</p>	<p>Subject to paragraph 4 below, upon the Plan Effective Date:</p> <ul style="list-style-type: none"> (i) the existing final maturity date of each instrument relating to outstanding Class A Debt and Class B Debt (the “Class A/B Instruments”); and (ii) each existing scheduled amortisation payment in respect of the instruments listed in Appendix 3 hereto (the “Amortising Class A/B Instruments”), shall be amended to the corresponding date falling, in each case, 2 calendar years after the date thereof, subject to the

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		<p>Maturities Flip-Back (the earliest occurring of such extended date, being the “Earliest Extension Date”).</p> <p>"Maturities Flip-Back" means a mechanism by which the extended maturity dates of the Class A/B Instruments (to the extent still outstanding) will in each case revert to the later of (i) the date on which each of the conditions in (a)-(d) are satisfied and (ii) the maturity dates of such Class A/B Instrument as at the date of the Transaction Support Agreement, if at any time after the implementation of the Restructuring Plan (a) the Super Senior Debt has been repaid in full; (b) the credit ratings of the Class A Debt and Class B Debt with two Ratings Agencies (as the Company and the Security Trustee shall agree) are (and, immediately following the implementation of any Maturities Flip-Back, would be), in each case, Investment Grade, (c) there is no continuing Default (and no Default will arise from such reversion of maturity dates) and (d) the Company is in full compliance with the Licence.</p>
3	Treatment of voluntary deferral	<p>Any amounts owing under any Class A/B Instrument that has been voluntarily deferred prior to the Plan Effective Time shall be incurred on the Plan Effective Date as an instrument or instruments of equivalent ranking in an amount equal to the amount deferred on equivalent pricing and otherwise on substantially equivalent terms, which shall mature on the date occurring 2 calendar years after the maturity date of the original Class A/B Instrument.</p>
4	Treatment of existing revolving credit facilities	<p>Each Class A/B Instrument that is a drawn revolving credit facility instrument shall remain a revolving credit facility instrument on and from the Plan Effective Date, provided that all conditions required under the Finance Documents to effect any rollovers of loans shall be deemed automatically satisfied during the Stable Platform Period (such rollovers, being the “Stable Platform Period RCF Rollovers”) such that the Stable Platform Period RCF Rollovers shall occur automatically during the Stable Platform Period. For the avoidance of doubt, this paragraph 4 shall not affect and shall be without prejudice to:</p> <ul style="list-style-type: none"> (i) any existing prepayment or cancellation rights under the relevant Class A/B Instruments; and (ii) any cancellation of undrawn amounts under the relevant Class A/B Instruments in accordance with paragraph 7 below.
5	Treatment of Hedging Agreements	<p>Payments arising in relation to the Hedging Agreements shall continue to be paid in accordance with the existing terms of the Interest Rate Hedging Agreements and/or Currency Hedging Agreements (as applicable).</p>

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<p>6 Treatment of Subordinated Creditor</p>	<p>Thames Water Limited (“TWL”), as Subordinated Creditor, will be required to enter into relevant amendment documentation to give effect to the Transaction as set out in this Term Sheet, which will be achieved with the consent of TWL, or otherwise on a non-consensual basis via the Restructuring Plan.</p> <p>Maturity dates of any Subordinated Debt provided by TWL shall be extended to the corresponding date falling 2 calendar years after the date thereof and no demands may be made by TWL during the Stable Platform Period.</p>
<p>7 Treatment of undrawn facilities</p>	<p>All undrawn amounts committed under instruments relating to Class A Debt or Class B Debt as at the date of the Transaction Support Agreement to remain undrawn (unless otherwise agreed by the relevant lenders and subject to the terms of the Transaction Support Agreement) and cancelled in full on the Plan Effective Date.</p> <p>All undrawn amounts committed under the Liquidity Facilities as at the date of the Transaction Support Agreement to remain undrawn (unless otherwise agreed by the relevant lenders and subject to the terms of the Transaction Support Agreement) and cancelled in full on the Plan Effective Date.</p>
<p>8 Pensions Regulator</p>	<p>Term Sheet to be disclosed to The Pensions Regulator and pensions trustee with respect of TWUL’s pensions schemes, to enable them to assess the terms of the Transaction and the overall impact on the pensions trustee as creditor. The Transaction will not involve any changes to pension scheme funding and agreed payments to the pensions trustees will be permitted.</p>
<p>9 Management Retention Plan</p>	<p>A new management retention plan in respect of the Company to be implemented upon the Plan Effective Date (on terms acceptable to the Company and the Relevant Creditor Groups). Management retention plan to be provided to advisers of the Ad Hoc Hedge Counterparties and Ad Hoc Hedge Counterparties (subject to confidentiality arrangements being in place satisfactory to the Company, acting reasonably)</p>
<p>10 Releases</p>	<p>Customary releases for directors, officers, executives and RP Creditors (and in each case, relevant advisers) in connection with the Transaction</p>
<p>11 Early Bird Consent Fee and Consent Fee</p>	<p>Quantum of fees and subscription mechanics as set out in the Transaction Support Agreement.</p> <p>The Early Bird Consent Fee and Consent Fee will be termed out as non-interest bearing notes, non-interest bearing loans or a deferred fee arrangement (the "CF Debt") which (in the case of any notes) will be listed on The International</p>

	<p>Stock Exchange (“TISE”). The CF Debt shall be due and payable in full upon the expiry of the Stable Platform Period.</p> <p>The CF Debt owing to the relevant Class A Debt Providers in respect of Class A Debt will rank immediately senior to Class A principal in the Revised Payment Priorities</p> <p>The CF Debt owing to the relevant Class B Debt Providers in respect of Class B Debt will rank immediately senior to Class B principal in the Revised Payment Priorities</p> <p>The CF Debt owing to the relevant Hedge Counterparties in respect of Interest Rate Hedging Agreements will rank <i>pari passu</i> with unscheduled amounts (including termination amounts) in respect of Interest Rate Hedging Agreements in the Revised Payment Priorities.</p> <p>The CF Debt owing to the relevant Hedge Counterparties in respect of Currency Hedging Agreements relating to Class A Debt will rank <i>pari passu</i> with unscheduled amounts (including termination amounts) in respect of Currency Hedging Agreements relating to Class A Debt in the Revised Payment Priorities.</p> <p>Each tranche of CF Debt (relating to applicable Class A Debt, Class B Debt, Interest Rate Hedging and Currency Hedging (each, a “Tranche”)) will be issued pursuant to a separate issuance and/or loan document. The terms of each Tranche of CF Debt will be limited in scope reflecting the fact that the CF Debt represents a simple payment obligation. Subject as set out below, all matters, including amendments and waivers, requiring the approval of the holders of a relevant Tranche of CF Debt will be capable of being approved by the Majority CF Debt Holders of that Tranche.</p> <p>"Majority CF Debt Holders" means, in respect of any Tranche of CF Debt, the CF Debt Original Holders that hold a majority of the aggregate principal amount of that Tranche of CF Debt held by all CF Debt Original Holders, provided that such CF Debt Original Holders (i) hold more than 40% of the aggregate principal amount of that Tranche of CF Debt at the relevant time and (ii) in number represent more than 10 CF Debt Original Holders (disregarding any CF Debt Original Holders which are Affiliates of each other or are Related Funds) (and, otherwise, CF Debt Current Holders that hold a majority of the aggregate principal amount of that Tranche of CF Debt held by all CF Debt Current Holders).</p> <p>"CF Debt Current Holders" means, in respect of any Tranche of CF Debt, the holders of that Tranche of CF Debt from time to time.</p>
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	<p>"CF Debt Original Holders" means, in respect of any Tranche of CF Debt, the original holders of that Tranche of CF Debt as at the date at which it is incurred or issued.</p> <p>Consent from 75% in value of CF Debt Current Holders under the relevant Tranche of CF Debt will be required in respect of amendments/waivers which would:</p> <ul style="list-style-type: none"> (a) extend the date for payment of the relevant Tranche CF Debt; (b) result in a reduction in the amount of any amount payable under the relevant Tranche of CF Debt; (c) have the effect of changing, or would relate to, voting arrangements under the relevant Tranche of CF Debt; or (d) have the effect of changing, or would relate to, the ranking, or the security and/or guarantees in respect of, the relevant Tranche of CF Debt, <p>subject to a snooze.</p>
12	<p>Relevant Creditor Group</p> <p>The AHG and the Bank Group (collectively, the "Relevant Creditor Groups")</p>

Part 2

Super Senior Funding: Key Terms

13	Issuer	Orphan SPV or newly incorporated financing subsidiary of TWUL, subject to further diligence and structuring discussions
14	Borrower	TWUHL and TWUL
15	Guarantors	TWUL TWUF TWUHL (together the "WBS Group") ¹
16	Form of Instrument	<p>Issuer to issue:</p> <ul style="list-style-type: none"> (i) listed, cleared bond on TISE²; and (ii) term loan facility, <p>in each case, as the lenders in respect of the Super Senior Funding (the "Super Senior Funding Lenders") may elect, which in each case shall be designated "Class A Debt" for voting purposes (subject to the treatment set out in this term</p>

¹ Subject to Restricted / Unrestricted Chargors concept in the WBS. Guarantees provided in respect of the Released Super Senior Funding and (as applicable) Super Senior Funding to rank and be secured through the WBS security structure on a super senior basis in accordance with the Revised Payment Priorities.

² In accordance with clause 9.1(a)(xiv) of the Transaction Support Agreement, the Company shall use reasonable endeavours to obtain a rating in relation to such bond. Bonds to be 144A and Reg S. A separate PPN structure to be considered (and as to be agreed between the Company and the advisers of the Relevant Creditor Groups)

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	<p>sheet and the long form documentation) (the “Super Senior Funding”).</p> <p>A register of holders of the bonds will be maintained by the Registrar and the bondholders will be obliged to update the Registrar upon any transfer.</p> <p>Subject to the precise structuring option to be selected, a back-to-back loan or note to be incurred by the relevant Borrower with the Issuer (the “Released Super Senior Funding” or “Super Senior Debt”). Funding to be provided by Issuer to (i) TWUHL in full on the Initial Funding Date (as defined below); and (ii) to TWUL on an as needed basis, in accordance with the Funding Amount mechanics.</p> <p>Fees, interest and make-whole shall accrue on the Super Senior Funding.</p> <p>In respect of the Orphan SPV structure (if required), following the funding in full of the Released Super Senior Funding, Super Senior Funding Lenders will have the ability to face the Obligor directly (via trustee in case of notes).³</p>
17 Super Senior Funding Lenders	Those Class A Debt Providers and/or Class B Debt Providers who subscribe for the Super Senior Funding, provided this will exclude any Hedge Counterparty, any Liquidity Facility Provider, any Finance Lessor, any Financial Guarantor or (for the avoidance of doubt) any Secondary Market Guarantor) (the “ Participating Parties ”) ⁴
18 Backstop Providers	Pursuant to a backstop agreement (the “ Backstop Agreement ”) the amount of the Super Senior Funding (excluding, for the avoidance of doubt, any Additional Super Senior Funding) will be initially backstopped in full by the original backstop parties (the “ Primary Backstop Providers ”), subject to other relevant Consenting Class A Creditors, Class B Creditors and/or Investment Manager Parties acceding to the Backstop Agreement by 11 November 2024 (such subsequent creditors having acceded to the Backstop Agreement by such date, being the “ Secondary Backstop Providers ”).
19 Issuer Security Trustee	Kroll ⁵
20 Issuer Bond Trustee/ Issuer Facility Agent	Kroll ⁶
21 Issuer Registrar	To be agreed between the advisers to the Relevant Creditor Groups and the Company.

³ Structuring mechanics to be discussed and dependent on which structuring option is chosen

⁴ Allocations without prejudice to the nominated recipient mechanic

⁵ Or otherwise to be discussed and agreed between the Company and advisers of the Relevant Creditor Groups at long-form documentation stage.

⁶ Or otherwise to be discussed and agreed between the Company and advisers of the Relevant Adviser Groups at long-form documentation stage.

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<p>22 Super Senior Funding size</p>	<p>GBP 1.5bn⁷</p>
<p>23 Additional Super Senior Funding</p>	<p>If the CMA Reference Decision has been made, an additional GBP 1.5bn of Super Senior Funding (the “Additional Super Senior Funding”) may be funded to the Issuer, provided that the Additional Super Senior Funding shall be structured as follows:</p> <ul style="list-style-type: none"> (i) in two separate tranches, each in an amount equal to GBP 750m (the “Tranche Amount”); (ii) each tranche of Additional Super Senior Funding shall be incurred with (i) the same Subscription Price and coupon as the original Super Senior Funding, and (ii) mature on the Super Senior Funding Maturity Date. Make-whole shall accrue in respect of each tranche upon issuance of that tranche (determined by reference to the remaining tenor of the Additional Super Senior Funding of that tranche); (iii) where the relevant tranche is to be backstopped in full, a backstop fee of 3.5% of the Tranche Amount shall be payable in cash on initial funding to the relevant backstop parties. Where a book-building process is conducted in respect of such tranche (such that the tranche is not backstopped in full), a fee of 1.0% of the Tranche Amount shall be payable to the relevant book-build parties (such fee to be capitalised on initial funding and repaid on the Super Senior Funding Maturity Date). The Company shall have sole discretion in electing which of the options specified in this paragraph (iii) shall apply in relation to each tranche; and (iv) each tranche shall otherwise be incurred on the same terms as the original Super Senior Funding (including in respect of the Funding Conditions). <p>Each tranche of the Additional Super Senior Funding may be funded to the Issuer by:</p> <ul style="list-style-type: none"> (i) first, (at their option) existing Super Senior Funding Lenders, on a <i>pro rata</i> basis by reference to their then holdings of the Super Senior Funding, provided that any Additional Super Senior Funding not so subscribed will be allocated to any existing Super Senior Funding Lenders willing to subscribe for more than their <i>pro rata</i> share;⁸ and (ii) second, if any existing Super Senior Funding Lenders do not subscribe for the full amount of the

⁷ Amount exclusive of 3% OID.

⁸ Allocations without prejudice to the nominated recipient mechanic

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	<p>Additional Super Senior Funding, (at their option) the Class A Debt Providers and Class B Debt Providers (in each case, other than any Hedge Counterparty, any Liquidity Facility Provider, any Finance Lessor, any Financial Guarantor or (for the avoidance of doubt) any Secondary Market Guarantor) <i>pro rata</i> to their respective share of the Relevant Aggregate Class A/B Debt.</p> <p>The proceeds from any Additional Super Senior Funding will be advanced to TWUL by the Issuer as loans/notes in the same manner as the original Super Senior Debt will have been advanced to the Borrowers (and shall constitute “Released Super Senior Funding” or “Super Senior Debt”).</p> <p>For the purposes of the foregoing:</p> <p>“CMA Reference Decision” means a decision by the Company to dispute any determination in relation to the AMP 8 regulatory period made by Ofwat under Part III of Condition B of the Licence and require that Ofwat refer the disputed determination to the Competition and Markets Authority for determination, as specified by Part V of Condition B of the Licence and section 12(3)(a) of the WIA 1991 (a “CMA Appeal”), provided that such decision (i) has also been approved by a majority of the board of directors of the Company and each of the Reference Decision Nominated Directors, or (ii) to the extent the conditions in (i) are not satisfied, as approved by the Majority Super Senior Funding Lenders.</p> <p>“Reference Decision Nominated Directors” means at least two independent non-executive directors of the Company whose appointment has in each case been made in accordance with the Governance Requirements.</p>
<p>24 Non-GBP Super Senior Lenders</p>	<p>If any Swapped Super Senior Funding is prepaid pursuant to paragraphs 32 or 33 or has become or is declared to be immediately due and payable pursuant to paragraph 47, then (i) any swap breakage loss shall be paid by the Issuer to the relevant Super Senior Lender (provided that the make-whole amount payable to such Super Senior Lender shall be reduced by such an amount) and (ii) any swap breakage gain which exceeds the value of any make-whole amount payable to the relevant Super Senior Lender shall be paid by the relevant Super Senior Lender to the Issuer (provided that this can be offset against any obligation of the Issuer to pay, first any make-whole amount, second any principal and third any interest to the relevant Super Senior Lender under the Super Senior Funding).</p>

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	<p>Back-to-back arrangements to be in place between the Borrowers and the Issuer.</p> <p>“Swapped Super Senior Funding” means any Super Senior Funding that is provided pursuant to clause 12 of the Backstop Agreement and which, as of the Restructuring Effective Date, is subject to a cross-currency swap agreement.</p>
25 Allocation	<p>The entitlement of each Participating Party to participate in the Super Senior Funding will be pro rata to its share of the Relevant Aggregate Class A/B Debt⁹</p> <p>“Relevant Aggregate Class A/B Debt” means the aggregate outstanding principal amount (plus accrued but unpaid interest thereon) of the Class A Debt, and the Class B Debt (excluding any liabilities outstanding under or in respect of the Finance Leases, any liabilities outstanding under or in respect of Hedging Agreements or any liabilities outstanding under or in respect of any Financial Guarantee Fee Letter or G&R Deed)</p> <p>Any shortfall after such pro rata allocation will be subscribed for by the Backstop Providers pro rata to their backstop commitments</p>
26 Subscription Price	97%
27 Ranking	<p>The Super Senior Debt or Super Senior Funding (as applicable¹⁰) will have the ranking set out in the abridged version of the Payment Priorities in Appendix 1 hereto (the “Revised Payment Priorities”)</p>
28 Application of proceeds	<p>Proceeds of Super Senior Funding solely applied towards funding of:</p> <ul style="list-style-type: none"> (i) costs and expenses incurred by the Issuer in connection with the provision of the Super Senior Funding and any payments due under the Super Senior Funding; (ii) on-lending proceeds to the Company to meet costs and expenditure of the Company in line with the Original Business Plan and/or the Revised Business Plan (as applicable), including (for the avoidance of

⁹ A nominated recipient concept will be included so that, among other things, Participating Parties can nominate one or more affiliates, investment managers or other related funds, or any sub-participant or any trade counterparty under a trade which as at the record date has been agreed but has not settled (provided that such sub-participant or trade counterparty has agreed to comply with the terms of the Transaction Support Agreement with respect to the sub-participated or transferred portion) to participate, and / or can nominate any provider of a guarantee or insurance in respect of the Class A/B Debt to take up their entitlement to participate or to be a backstop provider (albeit participation rights in respect of the backstop once allocated in accordance with the terms of the backstop agreement cannot be assigned to third parties who are not backstop parties). Participating Parties will be able to specify the percentages of their entitlements which they have allocated to each nominated recipient to the extent that they have nominated more than one nominated recipient. Nominated recipient concept also to apply to any fee payment (including CF Debt) on the same basis.

¹⁰ Subject to finalisation of the Issuer structure. In essence, it is agreed and acknowledged that a quantum representing the full amount of the Super Senior Funding relating to principal, interest and make-whole thereon (and the super senior guarantees in respect thereto) shall rank super senior as contemplated by the Revised Payment Priorities.

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	<p>doubt) any amounts payable under the Secured Liabilities (as amended pursuant to this Term Sheet);</p> <p>(iii) on-lending proceeds to the Company to meet costs and expenses incurred in connection with the Restructuring Plan and paid in accordance with a pre-agreed funds flow (including fees of the advisers to the Relevant Creditor Groups, the Company and the Ad Hoc Hedge Counterparties pursuant to applicable fee letters entered into with the Company); and</p> <p>(iv) on-lending proceeds to TWUHL to meet de minimis corporate expenses of TWUHL and fund payments under the Released Super Senior Funding.</p> <p>Proceeds will not be used to fund any principal debt repayments (other than the Super Senior Funding).</p>
29 Initial Funding Date	<p>Subject to satisfaction of all applicable conditions precedent (as set out in paragraphs 50-52 (inclusive)), the full amount of the Super Senior Funding (other than the Additional Super Senior Funding) will be made available to the Issuer (the date of such funding being the "Initial Funding Date") and the initial tranche of the Released Super Senior Funding will be made available to the Borrowers at the same time</p>
30 Issuer Reserve Account	<p>(i) A ring-fenced, secured (by way of fixed charge) and blocked account will be established in the name of the Issuer (the "Issuer Reserve Account") at an account bank to be agreed (which shall not be any bank able to apply right off set-off or similar against other indebtedness owing to it by the WBS Group, and over which the Security Agent will have signing rights and/or control through a control account agreement).</p> <p>(ii) All Super Senior Funding proceeds (including from Additional Super Senior Funding) will be credited directly to the Issuer Reserve Account.</p> <p>(iii) Subject to satisfaction of the Funding Conditions, funds will be released (by way of an on-loan or note) to the relevant Borrower from the Issuer Reserve Account.</p>
31 Maturity Date	<p>2 years and 6 months from the Initial Funding Date (the "Super Senior Funding Maturity Date")</p>
32 Voluntary Redemption	<p>If at any time there is any voluntary redemption of the Released Super Senior Funding or the Super Senior Funding, or the Released Super Senior Funding or the Super Senior Funding is accelerated, a make-whole amount (determined by reference to the remaining tenor and</p>

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	quantum of the Super Senior Funding) will be payable with respect to the amount of the Super Senior Funding and Released Super Senior Funding so redeemed/accelerated.
33 Mandatory Redemption	The Super Senior Funding and Released Super Senior Funding will be redeemed in full at par plus accrued interest plus a make-whole amount (determined by reference to the remaining tenor and quantum of the Super Senior Funding) upon the completion of any reinstatement, recapitalisation, or compromise entered into with any creditors in respect of, any Senior Debt, whether as part of an equity raise, creditor led solution or otherwise (a “ Recapitalisation Transaction ”)
34 Interest	9.75% per annum, cash pay semi-annually. To accrue on and be payable on the Super Senior Funding.
35 Backstop Fee	3.5% of the Super Senior Funding in aggregate, payable in full in cash on the Initial Funding Date (or netted against the subscription price for the Super Senior Funding) in accordance with the Backstop Agreement. The Backstop Fee shall consist of the following tranches: (i) an amount equal to 1.5% of the Super Senior Funding payable to the Primary Backstop Providers; and (ii) an amount equal to 2.0% of the Super Senior Funding payable to the Primary Backstop Providers and (as applicable), the Secondary Backstop Providers, in each case in accordance with the terms of the Backstop Agreement.
36 Costs and expenses	The Issuer shall (and the Obligors shall ensure that the Issuer is in funds to) ¹¹ pay all the Backstop Providers’, Issuer Bond Trustee’s, Issuer Security Trustee’s, Issuer Registrar’s and other Agents’ costs and expenses (including legal and other advisory fees) incurred in connection with the negotiation, preparation, execution and funding of the Super Senior Funding and all related documentation
37 Security	In respect of the Super Senior Debt, the Issuer to benefit from same security package as for Class A Debt. ¹² Issuer to provide all asset security, including first fixed charge security over the Issuer Reserve Account, the receivables in respect of the Released Super Senior Funding and all other contractual rights of the Issuer under the applicable finance documents.

¹¹ Subject to finalisation of Issuer structure

¹² If the Issuer is a finance subsidiary of TWUL, then the Super Senior Funding Lenders will benefit from the same security package as for the Class A Debt, albeit on a super senior basis and in accordance with the Revised Payment Priorities.

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	Security to be provided over the shares in the Issuer.
38 Guarantees	In respect of the Super Senior Debt, the Issuer to benefit from the same guarantee package as for Class A Debt. ¹³
39 Stable Platform Period	During the period from and including the Plan Effective Date to and including the Earliest Extension Date (the “ Stable Platform Period ”), the Common Agreements will be subject to the waivers and amendments set out in Appendix 2 hereto which are expressed to be applicable during the Stable Platform Period.
40 Representations and Warranties	As set out in the CTA
41 Information Covenants (Released Super Senior Funding)	As set out in the CTA
42 New Information Covenant (CTA)	<p>Obligation to:</p> <p>(a) share with the advisers of the Relevant Creditor Groups and the Ad Hoc Hedge Counterparties (subject to confidentiality arrangements being in place satisfactory to the Company, acting reasonably), until the completion of the equity raise or Recapitalisation Transaction, updates on key issues, including (without limitation) Company’s response to the Ofwat interim determination, equity raise, turnaround plan, pension deficit, liquidity, meetings with the Government, Ofwat and/or the Environment Agency, a Recapitalisation Transaction (including (i) draft term sheets or indicative terms provided by the Company or other member of the TWU Financing Group to any Secured Creditors in respect of the Recapitalisation Transaction, and (ii) draft term sheets or indicative terms that the Company or other member of the TWU Financing Group has received from any Secured Creditors from time to time which the Company, acting reasonably, considers would be reasonable to disclose in accordance with this limb (a)). In relation to the equity raise and the Recapitalisation Transaction, this will include:</p> <p>(i) regular updates to the advisers of the Relevant Creditor Groups and the Ad Hoc Hedge Counterparties (such updates to be provided to each of the advisers on an equal basis to facilitate parity of information) as to the progress of the M&A process or</p>

¹³ If the Issuer is a finance subsidiary of TWUL, then the Super Senior Funding Lenders will benefit from the same guarantee package as for the Class A Debt, albeit on a super senior basis and in accordance with the Revised Payment Priorities.

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	<p>Recapitalisation Transaction (as applicable), together with question and answer sessions; and</p> <p>(ii) the provision of information as may be reasonably requested from time to time, and (in relation to the equity raise) reasonable access to the Company's advisers in the respect of the equity raise.</p> <p>In the case of any information referred to in this limb (a), the Company shall not be required to share commercially sensitive information that (in the Company's opinion, acting reasonably) could prejudice the M&A process and/or be in breach of its MAR obligations;</p> <p>(b) consult in good faith with the advisers of the Relevant Creditor Groups and the Ad Hoc Hedge Counterparties (or the Secured Creditors which they represent) in respect of the (i) progress in relation to a Recapitalisation Transaction and/or (ii) a potential decision to be reached as to whether a CMA Appeal is to be made, provided that: (A) this shall not require the disclosure of any inside information and/or any information of a legally-privileged or commercially sensitive nature, (B) this shall not require the Company to share commercially sensitive information that (in the Company's opinion, acting reasonably) could prejudice the M&A process and/or be in breach of its MAR obligations; and (iii) relevant Secured Creditors (and/or their advisers) have in each case entered into appropriate confidentiality arrangements on terms satisfactory to the Company (acting reasonably);</p> <p>(c) Company to use reasonable endeavours to engage with Ofwat, the Environmental Agency and the Drinking Water Inspectorate, to mitigate the financial impact of any potential fines that may be payable or compliance costs that may be incurred in connection with any investigation (including seeking deferral of fines beyond the Stable Platform Period and/or to agree undertakings in lieu of enforcement where appropriate) prior to, the Super Senior Funding Maturity Date; and</p> <p>(d) Monthly reporting package to be agreed¹⁴.</p>
<p>43 Covenants (Released Super Senior Funding)</p>	<p>(a) As set out in the CTA.</p> <p>(b) For so long as the Released Super Senior Funding remains outstanding, no incurrence of any</p>

¹⁴ To be agreed for long-form documentation.

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	<p>indebtedness, or entry into any new agreement in respect of additional indebtedness, which ranks <i>pari passu</i> with or senior to the Released Super Senior Funding (or, if applicable, Super Senior Funding), other than any Released Super Senior Funding which is advanced to the Borrowers by the Issuer out of the proceeds from any Additional Super Senior Funding, and, for the purposes of this limb (b), “incurrence of any indebtedness” or “entry into any new agreement” includes any amendments to or replacement of any existing indebtedness (including indebtedness represented by swap agreements) or agreements in respect thereto which has the effect of increasing (or potentially increasing) in any manner whatsoever the liabilities owing under or in respect of such indebtedness.</p> <p>(c) Subject to (d) below, no incurrence or replacement of any indebtedness at the level of the Released Super Senior Funding (or, if applicable, Super Senior Funding) in the Revised Payment Priorities other than the incurrence of the Released Super Senior Funding as a result of Additional Super Senior Funding</p> <p>(d) Neither the Super Senior Funding nor the Released Super Senior Funding may be refinanced out of the proceeds of any indebtedness which ranks above the Class A Debt in the Revised Payment Priorities unless it is refinanced in full</p> <p>(e) If on any Scheduled Funding Date the Group Cash Amount (for the avoidance of doubt, examining the Maximum Liquidity Amount as against the “Cash available (excluding reserved cash)” at the end of the week in which the final day of the month following the month in which the relevant Scheduled Funding Date occurs, as set out in the most recent Drawdown Cashflow Forecast) is greater than £250 million (the “Maximum Liquidity Amount”), the Borrower(s) shall redeem the Released Super Senior Funding by an amount equal to such excess, and the amount so redeemed will be credited to the Issuer Reserve Account and be available to fund any future incurrence of Released Super Senior Funding in accordance with the definition of Funding Amount, subject to a minimum redemption amount of £5 million.</p> <p>(f) Ongoing compliance with the Governance Requirements</p>
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<p>44 New Covenants (CTA)</p>	<p>The CTA will be amended to reflect the amendments set out in Appendix 2 hereto and to include the following covenants:</p> <ul style="list-style-type: none"> (a) The Group Liquidity Amount not to be forecast to be negative at the end of each week (other than any week which ends after 31 August 2025 (extended to 28 February 2026 if the CMA Reference Decision has been made)) (the “Minimum Liquidity Covenant”), where “Group Liquidity Amount” means the “Closing Liquidity (available)” for the final day of each week as demonstrated by the most recent Drawdown Cashflow Forecast. Certification of compliance with the Minimum Liquidity Covenant to be provided to the Security Trustee; (b) Each Drawdown Cashflow Forecast to be provided to (i) the Issuer Facility Agent and (ii) advisers of the Relevant Creditor Groups and the Ad Hoc Hedge Counterparties (subject to confidentiality arrangements being in place satisfactory to the Company (acting reasonably) on the same day as any Release Amount Request Notice is delivered in respect of a Scheduled Funding Date; (c) No voluntary repayments of Class A Debt, or Class B Debt, and no early termination or close-out of any Hedging Agreements, other than termination on the final exchange date of Cross Currency Hedging Agreements during the Stable Platform Period in respect of any exposure whereby the maturity date of the Class A Debt corresponding to the Cross Currency Hedging Agreement has been deferred but such Cross Currency Swap has not been extended, provided that nothing in this paragraph (c) shall prevent a Hedge Counterparty from exercising its rights to terminate or close-out a Hedging Agreement in accordance with its terms;¹⁵ (d) No Restricted Payments or other upstream distributions (other than in respect of VAT payments which are allocated to Associates and reimbursement for services procured by an Associate on behalf of a member of the TWU Financing Group (in aggregate capped at £5 million in any 12 month period) and provided that no additional services are procured by or on behalf of a member of the TWU Financing Group during the Stable Platform Period) permissible outside of the WBS Group;
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¹⁵ Relates to USD 285m USPP due March 25 and USD 106m USPP due April 26.

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	<p>(e) Obligation to (i) use reasonable endeavours to procure that no material property, assets, services, employees or functions which are required to run or are otherwise necessary or critical to the Company's business and operations are owned, employed by, provided by or sit within an Associate¹⁶ and (ii) procure that from the Plan Effective Date, no additional property, assets, services, employees or functions required to run or are otherwise necessary or critical to the Company's business and operations are owned, employed by, provided by or sit within an Associate;</p> <p>(f) Company to engage with the Relevant Creditor Groups and the Ad Hoc Hedge Counterparties (and/or their advisers) on a good faith basis to facilitate development of a creditor led Recapitalisation Transaction (the "Creditor Led Transaction"), including (without limitation):</p> <ul style="list-style-type: none">(i) access to any relevant investor VDRs(ii) reasonable access to senior management(iii) cooperation with reasonable information requests(iv) cooperation in facilitating reasonable access to Ofwat and other relevant regulatory bodies(v) ensuring that any proposal in relation to a Creditor Led Transaction will be able to be submitted as an offer in any formal equity process run by the Company (or any of its Affiliates) <p>provided that it is understood this obligation shall not fetter directors' duties to consider and, subject to such duties, facilitate all other available options relating to the Recapitalisation Transaction or otherwise (if relevant) or compliance with the Participation Condition;</p> <p>(g) No incurrence or replacement of any indebtedness, or entry into any new agreement in respect of additional indebtedness, at the level of the Released Super Senior Funding (or, if applicable, Super Senior Funding) in the Payment Priorities other than the incurrence of the Released Super Senior Funding, as a result of Additional Super Senior Funding, with the Majority Creditor threshold for any amendment, waiver and/or modification of this undertaking being 75% of the Qualifying Class A</p>
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¹⁶ To include the disclosed assets that are to be disclosed to applicable creditor advisers at long form documentation stage.

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	<p>Debt only (taking into account the amendments to the bondholder voting as set out in Part 3 of Appendix 2, but without taking into account any Super Senior Funding or Super Senior Debt). For the purposes of this limb (g), “incurrence of any indebtedness” or “entry into any new agreement” includes any amendments to or replacement of any existing indebtedness (including indebtedness represented by swap agreements) or agreements in respect thereof which has the effect of increasing (or potentially increasing) in any manner whatsoever the liabilities owing under or in respect of such indebtedness (including, for the avoidance of doubt, the liabilities in respect of any Released Super Senior Funding (or, if applicable, Super Senior Funding));</p> <p>(h) Ongoing compliance with the Governance Requirements; and</p> <p>(i) In respect of any Recapitalisation Transaction: (A) in which Secured Creditors are offered the right to reinvest in the Group (by means of debt, equity or any similar instrument) or any entity that acquires any rights or assets of the TWU Financing Group (whether constituting a lender-led process or a co-investment with third party investor(s) or otherwise), each member of the TWU Financing Group shall, in good faith, consult with the advisers to creditors (including, without limitation, the Relevant Creditor Groups and the Ad Hoc Hedge Counterparties) in respect thereof, use their reasonable efforts to engage with creditors and their advisers on an equal and open basis and use reasonable endeavours, taking into account the circumstances at the time, to ensure the Recapitalisation Transaction includes options for participation (including via different instruments) for all Secured Creditors which will avoid material adverse capital or other economic treatment for some Secured Creditors relative to other Secured Creditors (the “Participation Condition”); and (B) each member of the TWU Financing Group shall consult with the advisers to creditors (including, without limitation, the Relevant Creditor Groups and the Ad Hoc Hedge Counterparties) and commence negotiations in respect of the Supported LUA not later than 31 March 2025.</p>
<p>45 Events of Default</p>	<p>(a) As set out in the CTA and amended pursuant to this Term Sheet.</p>

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	(b) Breach of Governance Requirements.
46 Trigger Events	As set out in the CTA and amended pursuant to this Term Sheet.
47 Acceleration and Enforcement	<p>Consistent with the terms of the Common Agreements</p> <p>In respect of Issuer-level security only, Majority Super Senior Funding Lenders will be entitled following an Event of Default to instruct the Issuer Security Agent to enforce the charge over the Issuer Reserve Account and any other security interest granted by the Issuer (subject, in the case of any enforcement taken under the Super Senior Debt, to the limitations set out in the Common Agreements) outside of the standstill and other restrictions set out in the Common Agreements.</p> <p>Upon acceleration, make-whole amount will be payable (determined by reference to the remaining tenor and quantum of the Super Senior Funding).</p>
48 Default Rate	An additional 2% of interest shall accrue on any unpaid sum under the Super Senior Funding (and any Released Super Senior Funding).
49 Other provisions	Other standard provisions to be customary for funding of this nature (taking into account the existing provisions in the Common Agreements) and such other amendments to the Common Agreements as are necessary to reflect the terms of the Super Senior Funding and Released Super Senior Funding as set out herein (including, without limitation, the ranking, security and guarantees in respect thereof).
50 Conditions Precedent to Initial Funding Date	<p>CPs to funding of (i) the Super Senior Funding to the Issuer and the initial funding of the Released Super Senior Funding, in each case on the Initial Funding Date or (ii) the Additional Super Senior Funding to the Issuer on the relevant issue date:</p> <p>(a) Repeated Representations (taking into account the amendments set out in Appendix 2 hereto) are true in all material respects;¹⁷</p> <p>(b) No Default (taking into account the amendments set out in Appendix 2 hereto) is continuing;</p> <p>(c) Notwithstanding the amendments to Trigger Events during the Stable Platform Period, no Trigger Event has occurred since the Plan Effective Date (other than the Trigger Events set out in paragraphs 1, 2, 3, 4, 5, 11, 15 and 16 of Part 1 of Schedule 5 to the CTA);</p>

¹⁷ Issuer to make standard SPV reps.

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	<p>(d) Standard corporate approvals, authorisations and legal opinions;</p> <p>(e) Entry into security documents, including new first ranking security to be taken over the assets which secure the Class A/B Debt Instruments and other supplemental security (if applicable);</p> <p>(f) No material property or assets (excluding any disclosed property or assets that have not yet been transferred/novated to the Company)¹⁸ which are required to run or are otherwise necessary or critical to the Company's business and operations are owned by an Associate and any assets or property which are owned by the Company, TWUHL and TWUF are secured for the benefit of the Class A Debt and Class B Debt (unless the granting of such security is restricted by the Licence or statute) (with the Company being required to provide confirmation of the foregoing);</p> <p>(g) Plan Effective Date has occurred and any applicable appeal period in relation to the Restructuring Plan has expired (and no appeal is subsisting at that time)</p> <p>(h) The original agreed form business plan (the "Original Business Plan");¹⁹</p> <p>(i) The agreed form pro forma Drawdown Cashflow Forecast;</p> <p>(j) In the case of the Additional Super Senior Funding, a Supported LUA (as defined below) has been entered into and is effective in accordance with paragraph 53; and</p> <p>(k) Payment of fees and costs of the Backstop Providers, Trustees, Registrar and other Agents</p> <p>Any waiver of the above conditions shall require consent from the Majority Super Senior Funding Lenders (as determined by reference to their respective commitments at the time), save that a waiver of condition (e) and/or (g) shall (i) require consent from the Supermajority Super Senior Funding Lenders (as determined by reference to their respective commitments at the time) (a waiver of condition (g) being, the "Appeal Waiver"); and (ii) where the Appeal Waiver has been implemented but an appeal remains subsisting and each other condition above has either been satisfied and/or waived, any Super Senior Funding Lenders not providing its consent in such circumstances will have the right (but will not be obliged prior to such condition (g) being</p>
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¹⁸ Disclosed assets to be discussed and agreed amongst relevant creditor advisers in the long-form documentation stage.

¹⁹ This will be the IBP25 downside case (DD revenues and IPB25 costs).

	satisfied in full and all other conditions being satisfied and/or waived) to fund its participation in the Super Senior Funding.
<p>51 Funding Conditions</p>	<p>On (i) each Scheduled Funding Date, an amount which is no greater than the Funding Amount and (ii) each Interim Funding Date, an amount which is no greater than the Interim Funding Amount may, following delivery by the Company of a Release Amount Request Notice (and, in the case of an Interim Funding Amount, subject to the Interim Funding Condition), be provided to the Company by the Issuer by way of Released Super Senior Funding from amounts standing to the credit of the Issuer Reserve Account, provided that:</p> <ul style="list-style-type: none"> (a) Repeated Representations are true in all material respects; (b) No Potential Event of Default is continuing where such Potential Event of Default is reasonably likely to have a Material Adverse Effect; (c) Notwithstanding the amendments to Trigger Events during the Stable Platform Period, no Trigger Event has occurred since the Plan Effective Date (other than the Trigger Events set out in paragraphs 1, 2, 3, 4, 5, 11, 15 and 16 of Part 1 of Schedule 5 to the CTA); (d) No Event of Default is continuing; (e) In respect of any release of funds after 30 June 2025, the June Release Condition has been satisfied and remains satisfied; (f) No notice has been given to enforce any security over the Company's property under s26(1)(c) of the WIA 1991; and (g) Compliance with all undertakings and commitments given to Ofwat as a consequence of Licence breach triggered by recent credit ratings downgrade. <p>In any Release Amount Request Notice the Company will be required to confirm satisfaction of all relevant Funding Conditions.</p> <p>"Release Amount Request Notice" means, in respect of any Scheduled Funding Date or Interim Funding Date, a notice which is sent by the Company (and signed by the CFO) to the Issuer, copied to the Issuer Bond Trustee and Issuer Facility Agent no later than 5 Business Days prior to such Scheduled Funding Date or 3 Business Days prior to such Interim Funding Date:</p> <ul style="list-style-type: none"> • setting out the requested Funding Amount for such Scheduled Funding Date (including a certification of the Funding Amount and its calculation) or the requested Interim Funding Amount for such Interim

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	<p>Funding Date (including a certification of the Interim Funding Amount, the Interim Funding Condition and the calculation of each);</p> <ul style="list-style-type: none"> • Representation that there has been no material deviation to (i) prior to preparation of the Revised Business Plan, the Original Business Plan, and (ii) thereafter, the Revised Business Plan, in each case including the cashflow assumptions made there in, provided that variations in timing of cashflows shall not be considered a material deviation; and • confirming the matters in (a) to (g) above. <p>In respect of TWUHL, single drawdown not exceeding £450,000 immediately upon satisfaction of the initial conditions precedent and the Funding Conditions.</p>
<p>52 Funding Amount</p>	<p>“Funding Amount” means, in respect of any Scheduled Funding Date, an amount in GBP equal to the lower of:</p> <ol style="list-style-type: none"> (a) an amount equal to the Cumulative Funding Amount Balance; (b) the amount that is required by the Company for the Group Cash Amount to be equal to the Target Liquidity Amount; and (c) £350 million. <p>“Interim Funding Amount” means, in respect of any Interim Funding Date the difference between (i) the Funding Amount in respect of the most recent Scheduled Funding Date disregarding paragraph (c) and (ii) the actual Funding Amount in respect of the prior Scheduled Funding Date.</p> <p>“Interim Funding Condition” means the condition that no request for an Interim Funding Amount can be made unless at the relevant time of the request the Group Cash Amount is less than or equal to £250 million.</p> <p>For the purposes of determining the Funding Amount and Interim Funding Amount:</p> <p>“Drawdown Cashflow Forecast” means a 13-week cashflow forecast in the agreed form.</p> <p>“Cumulative Funding Amount Balance” means, in respect of any Scheduled Funding Date:</p> <ol style="list-style-type: none"> (a) the aggregate of the Scheduled Funding Amounts which relate to the Scheduled Funding Dates falling on or prior to such Scheduled Funding Date; minus (b) the aggregate of all Funding Amounts which have been released to the Company prior to such Scheduled Funding Date; plus (c) the aggregate of all Funding Amounts which have been repaid to the Issuer prior to such time or which are expected to be repaid to the Issuer on or prior to

	<p>such Scheduled Funding Date (as evidenced in the latest Cashflow Forecast),</p> <p>subject to a minimum of zero.</p> <p>“Group Cash Amount” means the “Cash available (excluding reserved cash)” (i) in respect of a Scheduled Funding Date, at the end of the week in which the final day of the month following the month in which the relevant Scheduled Funding Date occurs or (ii) in respect of an Interim Funding Date, at the end of the week prior to the week in which relevant Release Amount Request Notice is delivered, in each case as set out in the most recent Drawdown Cashflow Forecast</p> <p>“Interim Funding Date” means the final Business Day of a week of a month as selected by the Company, provided that there may be no more than one Interim Funding Date in each month.</p> <p>“Scheduled Funding Date” means (i) the Initial Funding Date; and (ii) the last Business Day of every month thereafter.</p> <p>“Scheduled Funding Amount” means, in respect of each Scheduled Funding Date, an amount in GBP to be agreed²⁰, as updated by the Company in accordance with the Post-FD Business Plan Update and disclosed to Super Senior Funding Lenders within 2 Business Days of the Post-FD Business Plan Update.</p> <p>“Post-FD Business Plan Update” means a decision by the Company to update its Original Business Plan and the applicable Scheduled Funding Amounts, provided that in each case:</p> <ul style="list-style-type: none"> (a) such decision has been approved by a majority of the board of directors of the Company and each of the Reference Decision Nominated Directors within 3 calendar months following receipt of Final Determination; (b) the Company has certified to the Security Trustee and the Issuer (which certificate is signed by the CEO and CFO of the Company) that the adjustments to the Original Business Plan and the applicable Scheduled Funding Amounts have been made in a manner which is commensurate with the updated costs, revenues and other material data in the Final Determination (when viewed against the inputs and assumptions that underpinned the Original Business Plan and original Scheduled Funding Amounts); and
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²⁰ Precise Scheduled Funding Amount to be agreed at long-form documentation stage. Initially, this will be based on IBP25 downside case (DD revenues + IBP25 costs), subject subsequently to the Post-FD Business Plan Update.

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		<p>(c) immediately after the Post-FD Business Plan Update, the Company will (i) share with the financial advisers to the Relevant Creditor Groups (subject to confidentiality arrangements being in place on terms satisfactory to the Company, acting reasonably), its detailed workings, analyses and determinations in respect of the Post-FD Business Plan Update and (ii) enter into a period of consultation with such financial advisers in respect of such matters,</p> <p>and where such revised business plan is the “Revised Business Plan”.</p> <p>“Target Liquidity Amount” means £200m.</p>
53	June Release Condition	<p>The June Release Condition will be satisfied if, by 30 June 2025, a lock-up agreement in respect of a recapitalisation solution, whether by way of an equity raise or a creditor led solution has been entered into by at least (i) 66 2/3% of the Super Senior Funding (the “Supported LUA Super Senior Condition”) and (ii) 66 2/3% of the aggregate Class A Debt (this requirement in sub-limb (ii) being, the “Supported LUA Class A Condition”) to implement such solution through a restructuring plan (the “Supported LUA”).</p> <p>The June Release Condition shall cease to be satisfied at any time if the Supported LUA has terminated or ceases to be fully effective in accordance with its terms (other than upon an implementation of a recapitalisation transaction to which the Supported LUA relates).</p> <p>Provided that the Company is at the relevant time, acting in good faith towards a Recapitalisation Transaction, any extension of the milestones above can be extended with the consent of the Majority Super Senior Funding Lenders (such consent not to be unreasonably withheld, delayed and/or made subject to conditions and to be considered by the Majority Super Senior Funding Lenders acting in good faith).</p>
54	Governance Requirements	<p>Two restructuring independent NEDs with restructuring experience appointed by the Company and each other Obligor (the “INEDs”).</p> <p>The initial appointments of the INEDs shall be Aidan de Brunner and Neil Robson, and any subsequent replacements of the INEDS or CRO (if appointed in accordance with the terms of the Transaction Support Agreement) from the Plan Effective Date shall require consent from the Majority Super Senior Funding Lenders</p>
55	Majority Super Senior Funding Lenders	<p>Original Holders that hold a majority of the aggregate principal amount of the Super Senior Funding held by all Original Holders, provided that such Original Holders (i) hold more than 40% of the aggregate principal amount of the Super Senior Funding at the relevant time and (ii) in number</p>

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	<p>represent more than 10 Original Holders (disregarding any Original Holders which are Affiliates of each other or are Related Funds) (and, otherwise, Current Holders that hold a majority of the aggregate principal amount of the Super Senior Funding held by all Current Holders)</p> <p>"Current Holders" means Super Senior Funding Lenders from time to time</p> <p>"Original Holders" means the original Super Senior Funding Lenders as at the Issue Date</p>
<p>56 Voting under Super Senior Funding</p>	<p>Majority Super Senior Funding Lenders: for all matters which are not Entrenched Rights, Reserved Matters or requiring consent from all Super Senior Funding Lenders or as otherwise as set out in this Term Sheet, subject to a snooze.</p> <p>For Entrenched Rights, Reserved Matters, and any amendment to paragraph 43(b), the Supported LUA Class A Condition, or to voting arrangements applicable to the Super Senior Funding Lenders, consent will be required from at least 75% of Super Senior Funding Lenders across all instruments ("Supermajority Super Senior Funding Lenders"), subject to a snooze.</p> <p>For amendment to the Supported LUA Super Senior Condition, consent from at least 66 2/3% Super Senior Funding Lenders will be required, subject to a snooze.</p> <p>Consent from all Super Senior Funding Lenders required in respect of amendments/waivers to:</p> <ul style="list-style-type: none"> (a) any extension to the Maturity Date; (a) any adjustment to the calculation or payment of interest or the make-whole (including changes to the definition of Mandatory Redemption), or any deferral to the date of payment of interest or the make-whole; or (b) ranking, <p>subject to a snooze.</p>
<p>57 Voting in relation to the Super Senior Debt</p>	<p>The voting arrangements will also provide for the Super Senior Funding Lenders to vote directly, through a Secured Creditor Representative, on all matters which fall to be determined by Class A creditors under the Common Agreements. To the extent that the Super Senior Funding is split into two types of instruments (i.e. cleared bonds and term loans), a single voting agreement will be entered into between holders of both instruments reflecting the voting arrangements set out herein.</p>
<p>58 Governing law and Jurisdiction</p>	<p>England and Wales</p>

Appendix 1

Revised Payment Priorities (abridged version up to Class B Debt)

- (a) Limbs (i) to (iii) of the Payment Priorities remain unchanged
- (b) **Liquidity Facilities:** fees, interest and principal (other than any Subordinated Liquidity Facility Amounts)²¹
- (c) **Interest rate and index-linked swaps:** scheduled payments under Interest Rate Hedging Agreements
- (d) On a pro rata basis:
 - (i) **Super Senior Debt/Super Senior Funding**²²: interest/fees/underwriting fees
 - (ii) **Interest rate and index-linked swaps:** unscheduled amounts (including termination amounts)
 - (iii) **CF Debt** owing to Hedge Counterparties with respect to Interest Rate Hedging Agreements
 - (iv) **Currency hedges for Class A Debt**²³: scheduled amounts, and if standstill has terminated, all other amounts due under Currency Hedging Agreements in respect of Class A Debt
- (e) On a pro rata basis:
 - (i) **Super Senior Debt/Super Senior Funding**²⁴: (i) first, towards make-whole, and (ii) second, towards principal
 - (ii) **Currency hedges for Class A Debt:** (i) principal exchange or final exchange amounts/unscheduled amounts (including termination amounts)
 - (iii) **CF Debt** owing to Hedge Counterparties under the Currency Hedging Agreements in respect of Class A Debt
- (f) On a pro rata basis:
 - (i) **Class A Debt:** interest/fees/underwriting fees
 - (ii) **Existing Finance Leases:** broken funding costs
 - (iii) **Class A Wrapped Bonds:** reimbursement sums (if any) owed to each Financial Guarantor under the relevant G&R Deed in respect of payments of interest

²¹ "New Money Advance" will be removed from limb (iv)(c) of the Payment Priorities.

²² TBC depending on finalisation of the Issuer structure. In essence, it is agreed and acknowledged that a quantum representing the full amount of the Super Senior Funding relating to interest/fees/underwriting fees (in each case, howsoever described in the long-form documentation) shall rank at this level. Any guarantee of the Super Senior Debt/Super Senior Funding is also at this level of the Payment Priorities.

²³ Abridged version – otherwise to reflect existing CTA.

²⁴ TBC depending on structure. In essence, it is agreed and acknowledged that a quantum representing the full amount of the Super Senior Funding relating to principal and make-whole (in each case, howsoever described in the long-form documentation) shall rank at this level. Any guarantee of the Super Senior Debt/Super Senior Funding is also at this level of the Payment Priorities.

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- (g) **CF Debt** owing to Class A Debt Providers
- (h) On a pro rata basis:
 - (i) **Class A Debt:** principal
 - (ii) **Class A Wrapped Bonds:** reimbursement sums (if any) owed to each Financial Guarantor under the relevant G&R Deed in respect of payments of principal
- (i) **Class A Debt:** Make-Whole Amounts
- (j) **Debt Service Reserve Accounts:** top-ups to the required balances
- (k) On a pro rata basis:
 - (i) **Class B Debt:** interest/fees/underwriting fees
 - (ii) **Currency hedges for Class B Debt:** scheduled amounts, and if standstill has terminated, all other amounts due under Currency Hedging Agreements in respect of Class B Debt
 - (iii) **Class B Wrapped Bonds:** reimbursement sums (if any) owed to each Financial Guarantor under the relevant G&R Deed in respect of payments of interest
- (l) **CF Debt** owing to Class B Debt Providers
- (m) On a pro rata basis:
 - (i) **Class B Debt:** principal
 - (ii) **Currency hedges for Class B Debt:** principal exchange or final exchange amounts/unscheduled amounts (including termination amounts) under Currency Hedging Agreements in respect of Class B Debt
 - (iii) **Class B Wrapped Bonds:** reimbursement sums (if any) owed to each Financial Guarantor under the relevant G&R Deed in respect of payments of principal
- (n) **Class B Debt:** Make-Whole Amounts

Appendix 2 Amendments²⁵

Part 1 – Financial Covenants

<p>1 Obsolete Financial Ratios</p>	<p>The financial ratios referred to in this section (the “Obsolete Financial Ratios”) to be removed from Finance Documents</p> <p>The CTA currently contains a number of “Obsolete Financial Ratios” which, whilst they are still technically tested by the Obligors, have been superseded as a result of (i) the inclusion of new financial ratios; and (ii) the relative level at which “Operative Financial Ratios” (being all ratios set out in the CTA save for the Obsolete Financial Ratios) have been set in comparison to the Obsolete Financial Ratios</p> <p>The following financial ratios are Obsolete Financial Ratios:</p> <ul style="list-style-type: none"> • Senior RAR • Class A ICR • Class A Adjusted ICR • Class A Average Adjusted ICR • Senior Adjusted ICR • Senior Average Adjusted ICR • Conformed Class A Adjusted ICR • Conformed Class A Average Adjusted ICR • Conformed Senior Adjusted ICR • Conformed Senior Average Adjusted ICR <p>All corresponding permissions and baskets relating to the Obsolete Financial Ratios will also be removed</p>
<p>2 Operative Financial Ratios</p>	<p>Testing against the following financial ratios (the “Operative Financial Ratios”) to be suspended for the duration of the Stable Platform Period:</p> <ul style="list-style-type: none"> • Class A RAR • Conformed Senior RAR • Conformed Class A ICR • Additional Conformed Class A Adjusted ICR • Additional Conformed Senior Adjusted ICR • Additional Conformed Class A Average Adjusted ICR • Additional Conformed Senior Average Adjusted ICR <p>Operative Financial Ratios to be reported for information purposes on a historic basis (it being practically impossible</p>

²⁵ It is agreed and acknowledged that the contents of this Appendix 2 and Term Sheet (and the final legal documentation relating thereto) shall also reflect and provide for any amendments and/or waivers made to the Finance Documents in the period from the date of the Transaction Support Agreement to the Plan Effective Date.

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	<p>to forecast these ratios for the full AMP 8 regulatory period ahead of a comprehensive recapitalisation solution)</p> <p>Financial ratios in respect of the WBS Group's Senior Debt to be updated to include the super senior liabilities represented by the Super Senior Debt</p> <p>All corresponding permissions and baskets relating to the Operative Financial Ratios will also be removed</p>
3 Debt Service Reserve Account	<p>(a) Obligation of TWUF to maintain DSR Liquidity Facilities and amounts in Debt Service Reserve Accounts to be suspended for the Stable Platform Period</p> <p>(b) Amounts standing to the credit of the Debt Service Reserve Account to be released during the Stable Platform Period in accordance with the terms of the applicable STID Proposal²⁶</p>
4 O&M Reserve	<p>(a) Obligation of TWUF to maintain an O&M Reserve, an O&M Reserve Facility and amounts in an O&M Reserve Account which together are not less than 10% of Projected Operating Expenditure and Capital Maintenance Expenditure to be suspended for Stable Platform Period</p> <p>(b) Amounts standing to the credit of the O&M Reserve Account to be released during the Stable Platform Period in accordance with the terms of the applicable STID Proposal²⁷</p>
5 TWUHL Funding	<p>As set out above, TWUHL to be a borrower under the Released Super Senior Funding for a <i>de minimis</i> amount which is sufficient to fund its ongoing costs. In order to enable this under the Finance Documents:</p> <ul style="list-style-type: none"> • The permission to incur Super Senior Debt under a new limb of "Permitted Financial Indebtedness" shall include incurrence by TWUHL. • TWUHL Restricted Business representation and covenant to be amended to permit the incurrence of Super Senior Debt (Schedule 2 (<i>General Representations</i>), Para 14 (<i>No other business</i>) and Schedule 4 (<i>Covenants</i>), Part 3 (<i>General Covenants</i>), Para 1 (<i>Restricted Business of TWH</i>)). <p>Cash management provisions in Schedule 11 (<i>Cash Management</i>) of the CTA and Payment Priorities to be updated to permit TWUL make Super Senior Debt interest, principal and make-whole repayments on TWUHL's behalf in accordance with the Payment Priorities, provided that</p>

²⁶ Included for completeness assuming that this permission will be effective by the time the Super Senior Funding is provided

²⁷ Included for completeness assuming that this permission will be effective by the time the Super Senior Funding is provided

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		TWUHL has put TWUL in funds prior to such payment being made.
6	Swap Breakage Compensation Amount	Amounts standing to the credit of the Compensation Account to be released during the Stable Platform Period in accordance with the terms of the applicable STID Proposal ²⁸
7	Liquidity for Capex and Working Capital	During Stable Platform Period, no Event of Default shall occur under paragraph 8 (<i>Liquidity for Capex and Working Capital</i>) of Part 2 (<i>TWUL, TWUF and the Issuer</i>) of Schedule 6 (<i>Events of Default</i>) of the CTA
8	Credit Rating	Covenant requiring TWUL and TWUF to use reasonable endeavours to maintain Investment Grade ratings with at least two Rating Agencies to be suspended for the duration of the Stable Platform Period and replaced with an obligation on TWUL and TWUF to use reasonable endeavours to maintain any credit rating with at least two Rating Agencies
9	Interest Rate Hedging Coverage	<p>Covenant contained in Schedule 7 (<i>Hedging Policy and Overriding Provisions relating to Hedging Agreements</i>), Para 14 of the CTA to require the TWU Financing Group to hedge (i) at least 85% of its total outstanding debt for the current AMP; and (ii) at least 75% of its total outstanding debt for the subsequent AMP, into either index-linked or fixed rate payment obligations to be suspended for the duration of the Stable Platform Period, given the deferral of maturity/amortisation dates but not of equivalent hedging arrangements.</p> <p>From such time that an Appeal Period is not subsisting, TWU Financing Group to be prohibited from entering into, amending or terminating any Interest Rate Hedging Agreements during the Stable Platform Period without the consent of the Secured Creditors (excluding, for the avoidance of double, any transfers by way of novation) provided that nothing in this paragraph 9 shall prevent a Hedge Counterparty from exercising its rights to terminate or close-out a Hedging Agreement in accordance with its terms.</p>
10	Cross Currency Hedging Coverage	Covenant contained in Schedule 7 (<i>Hedging Policy and Overriding Provisions relating to Hedging Agreements</i>), Paras 12 and 13 of the CTA whereby the TWU Financing Group is not permitted to bear currency risk relating to any foreign currency denominated debt instruments totalling in excess of 0.1% of TWUL's RCV to be suspended for the duration of the Stable Platform Period given the deferral of maturity/amortisation dates but not of equivalent hedging arrangements.

²⁸ Included for completeness assuming that this permission will be effective by the time the Super Senior Funding is provided

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	TWU Financing Group to be permitted to enter, amend or voluntarily terminate Cross Currency Hedging Agreements during the Stable Platform Period in respect of any unhedged exposure to existing Class A Debt which has arisen at any time before or during the Stable Platform Period. ²⁹
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Part 2 – Other Covenants

<p>11 Environmental/Litigation /Compliance with laws etc.</p>	<p>The following representations, covenants and events of default of the Obligors shall be deemed to be given subject to any Disclosed Events (as defined below):</p> <ul style="list-style-type: none"> • Schedule 2 (<i>General Representations</i>) of the CTA: <ul style="list-style-type: none"> • Para 7 (Authorisations) • Para 9 (Litigation) • Para 12 (Environmental compliance) • Para 13 (Environmental claims) • Para 17 (Insurances) • Para 19 (Compliance with Laws) • Schedule 3 (<i>TWUL Representations</i>) of the CTA: <ul style="list-style-type: none"> • Para 6 (Existing Non-Compliances) • Schedule 4 (<i>Covenants</i>), Part 3 (<i>General Covenants</i>) of the CTA: <ul style="list-style-type: none"> • Para 6 (Authorisations) • Para 7 (Compliance with laws and Instrument of Appointment) • Para 14 (Environmental matters) • Para 15 (Insurances) • Para 18 (Conduct of business) • Para 26 (Performance Obligations) • Para 28 (Credit Rating) • Para 34 (Litigation) • Schedule 6 (Events of Default), Part 1 (Events of Default (TWH)) of the CTA: <ul style="list-style-type: none"> • Para 11 (Material Proceedings) • Schedule 6 (Events of Default), Part 2 (Events of Default (TWUL, TWUF and the Issuer)) of the CTA: <ul style="list-style-type: none"> • Para 16 (Material Proceedings)
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²⁹ Includes USD 285m USPP due March 25 and USD 106m USPP due April 26

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	<p>No breach of the above representations, covenants or events of default shall be deemed to have occurred unless, in the reasonable opinion of the Obligors, such a breach would have an adverse economic impact on the TWU Financing Group which is greater than 0.1% of RCV.</p> <p>“Disclosed Events” to include Ofwat FTT investigation, rating downgrades, EA investigation, Ofwat dividend investigations, IED, WINEP, DWI enforcement case and Leigh Day class action.³⁰</p>
12 Restricted Business of TWH (Paragraph 1)	<p>(a) Suspend limb (a)(v) which permits TWH to carry out Permitted Post Closing Events</p> <p>(b) Add limb which permits TWH to implementation of the Restructuring Plan</p> <p>(c) Limb (e): consistent with limb (c) of paragraph 20 below, absolute restriction on Distributions being made to any Associate other than the Company or TWUF</p>
13 Restricted Business of the Issuer and TWUF (Paragraph 2)	Include permission to implement the Restructuring Plan.
14 Negative pledge (Paragraph 9)	<p>(a) Definition of “Permitted Disposals” to be limited as set out below</p> <p>(b) Definition of “Permitted Security Interests” to be limited such that during the Stable Platform Period the general liens basket (limb (r)) only applies with respect to Security Interests arising in the ordinary course of business and not in connection with any default or potential default (in each case howsoever defined) under any applicable contractual arrangements</p> <p>(c) Paragraph 9(b): to be tightened so that no sale, or sale and leaseback, of any assets to an Associate outside the WBS Group</p>
15 Disposals (Paragraph 10)	<p>Definition of “Permitted Disposals” to be limited as follows:</p> <p>(i) Limb (d): delete</p> <p>(ii) Limb (h): any sale of Protected Land to be permitted only on arm’s length terms for bona fide commercial purposes and for cash to a person which is an unconnected third party, other than pursuant to any existing options</p> <p>(iii) Limb (j): any sale of assets forming part of Permitted Non-Appointed Business to be permitted only on arm’s length terms for <i>bona fide</i> commercial</p>

³⁰ To be agreed with creditors’ advisers and included in long form documents and in line with disclosure in investor presentation.

	<p>purposes and for cash to a person which is an unconnected third party</p> <p>(iv) Limb (k): any sale under this general basket to be permitted only if approved by the CEO or CFO if the value is greater than £500k but less than £1 million and by the board if the value is greater than £1 million</p> <p>(v) Limb (l): any sale of assets to a partnership or Permitted Joint Venture to be permitted only for cash to a person which is an unconnected third party</p> <p>(vi) Limb (m): no additional Permitted Sale and Leaseback transactions during the Stable Platform Period</p> <p>(vii) Limb (n): no additional steps in the Permitted Reorganisation has been completed during the Stable Platform Period,</p> <p>subject to a proviso that no disposal is permitted under limbs (e), (h), (j), (k) and (l) if the value of such disposal, when taken together with prior disposals under such limbs, is in aggregate greater than £25m in any 12 month period, except that (i) any disposal which is required by law or regulation or pursuant to TWUL's price control commitments and (ii) any disposal in connection with TWUL's green energy strategy pursuant to these limbs is permitted and is not taken into account for the purposes of calculating the £25m cap, provided that a cap shall be agreed in respect of (ii)³¹.</p>
<p>16 Financial Indebtedness (Paragraph 11)</p>	<p>(a) Definition of "Permitted Financial Indebtedness" to be limited as follows:</p> <p>(i) Limb (f): to be limited to unsecured finance leases during the Stable Platform Period</p> <p>(ii) Limb (j): to be suspended during the Stable Platform Period, from such time that an Appeal Period is not subsisting, provided that each Stable Platform Period RCF Rollover shall be permitted.</p> <p>(iii) Limb (k): no additional Financial Indebtedness during Stable Platform Period</p> <p>(iv) Limb (n): existing 2% RCV cap to be replaced with a 1% RCV cap and other exclusions to be agreed³²</p> <p>(v) Limb (o): to be suspended during the Stable Platform Period</p>

³¹ Such cap to be agreed between the Company and creditor advisers acting reasonably.

³² Such exclusions to be agreed between the Company and creditor advisers acting reasonably.

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	<p>(b) Definition of “Permitted Volume Trading Arrangements” to be amended such that during the Stable Platform Period the scope of the definition is limited to the types of arrangement in place at any time during the 12 month period that precedes the date of the Term Sheet</p> <p>(c) the covenant contained in Para 11(b) (Financial Indebtedness) of the CTA in relation to maturity concentrations during a 24-month period and single AMP to be disapplied in relation to testing the incurrence of the Super Senior Debt.</p>
17 Mergers (Paragraph 12)	<p>(a) Definition of “Permitted Disposals” to be limited as set out above</p> <p>(b) Definition of “Permitted Acquisitions” to be limited as follows:</p> <p>(i) Limb (e): permission to be limited during the Stable Platform Period to an inset business in the UK entered into for bona fide commercial purposes in furtherance of TWUL’s statutory and regulatory obligations</p> <p>(ii) Limb (f): remove permission on the basis that it is historic</p>
18 Acquisitions and Investments (Paragraph 13)	Definition of “Permitted Acquisitions” to be limited as set out above
19 Loans and Credit (Paragraph 16)	<p>(a) Definition of “Permitted Volume Trading Arrangements” to be limited as set out above</p> <p>(b) Limb (b)(xi): delete permission to advance loans to Affiliates (even if Restricted Payments) other than to the extent within the WBS Group and secured pursuant to the Security Agreement</p> <p>(c) Limb (b)(xii): remove permission during Stable Platform Period</p>
20 Restricted Payments (Paragraph 37)	<p>(a) To be amended to reflect the general principle that there will be an absolute restriction on Distributions and Restricted Payments being made to any Associate other than within the WBS Group</p> <p>(b) Definition of “Restricted Payments” to be limited as follows: remove permissions in limbs (c) and (d)</p> <p>(c) Definition of “Distribution” to be amended by deletion of limbs (a)-(e) and replacement with exclusion related to reimbursement of VAT payments which are allocated to Associates and reimbursement for services procured by an Associate on behalf of a member of the TWU Financing Group (in aggregate capped at £5 million in any 12 month period) and</p>

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			provided that no additional services are procured by on behalf of a member of the TWU Financing Group during the Stable Platform Period
21	No <i>(Representations, Paragraph 8(b))</i>	MAE	Suspended for the duration of the Stable Platform Period.
22	TWH Statements	Financial	Without prejudice to its statutory obligations to file audited financial statements, TWH's obligation to provide its audited financial statements within 180 days of the end of its financial year to be suspended for the duration of the Stable Platform Period
23	Insolvency Event of Default		<p>Events of Default contained in Para 5 (<i>Insolvency</i>) of Part 1 (<i>Events of Default (TWH)</i>) and Para 5 (<i>Insolvency</i>) of Part 2 (<i>Events of Default (TWUL, TWUF and the Issuer)</i>) of Schedule 6 (<i>Events of Default</i>) of the CTA, to be qualified such that a Part 26A restructuring plan to be implemented pursuant to a Supported LUA will not trigger the Insolvency Event/Insolvency Proceedings Events of Default (otherwise than for the purposes of the Hedging Agreements)</p> <p>No Event of Default shall occur under Para 5.1(a) (<i>Insolvency</i>) of Part 1 (<i>Events of Default (TWH)</i>) and Para 5.1(a) (<i>Insolvency</i>) of Part 2 (<i>Events of Default (TWUL, TWUF and the Issuer)</i>) of Schedule 6 (<i>Events of Default</i>) of the CTA, in so far as such Event of Default relates to the ability to pay debts as they fall due, where the TWU Financing Group remains in compliance with the Minimum Liquidity Covenant.</p>
24	Trigger Event		<p>Other than in relation to the Funding Conditions (see section 51 above), all existing Trigger Events under Part 1 (<i>Trigger Events</i>) of Schedule 5 (<i>Trigger Events</i>) to the CTA to be suspended for the duration of the Stable Platform Period</p> <p>A New Trigger Event to be included which provides that a Trigger Event has occurred and is continuing for so long as the Stable Platform Period is continuing</p>
25	Trigger Consequences	Event	<p>The following Trigger Event consequences set out in Part 3 (<i>Trigger Event Consequences</i>) of Schedule 5 (<i>Trigger Events</i>) to the CTA are to be suspended for the duration of the Stable Platform Period (including in respect of Trigger Events which occur prior to the commencement of the Stable Platform Period):</p> <ul style="list-style-type: none"> Paragraph 2 (<i>Further Information and Remedial Plan</i>) – obligation of TWUL to provide further information in relation to causes and effects of Trigger Event and agree and implement a Remedial Plan with the Security Trustee

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	<ul style="list-style-type: none"> Paragraph 3 (<i>Independent Review</i>) – right of Security Trustee to commission an Independent Review
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Part 3 – Other CTA Amendments

26	Bondholder voting	<p>Class A/B Bondholders' voting provisions to be updated such that:</p> <p>(a) the consent of only 75% of Class A Bondholders or Class B Bondholders in each series is required to approve a written resolution of such Bondholders to match the consent threshold required in a Bondholder meeting; and</p> <p>(a) Class A Bondholders and (if relevant) Class B Bondholders are granted direct STID voting rights which are exercisable by each such individual Class A/B Bondholder on every STID Proposal (to the extent enfranchised, in the case of Class B Bondholders) via the clearing systems, provided that (i) if 75% Bondholders of any series vote in the same way, it will be deemed that 100% Bondholders in that series had voted in such way; and (ii) if less than 75% of Bondholders of any series vote in the same way, calculations for voting in that series will be determined on a £ for £ basis</p>
27	Subordinated Creditor Voting Rights	Subordinated Creditors to be bound by decisions of the Secured Creditors (save where the rights of the Subordinated Creditor are materially adversely affected by such a decision)
28	Class A/B Security Trustee and Bond Trustee	Amendments to the replacement provisions relating to the Class A and Class B Security Trustee and Class A and Class B Bond Trustee to expedite any future replacement

Appendix 3 – Amortising Class A/B Instruments

Class A			
No.	Instrument	ISIN	Common Code
1	£215m (0.38% + 3m RPI) tranche of the TWUL £430m floating rate loan with European Investment Bank dated 3 December 2012 as amended 16 June 2023 (GBP (£))	N/A	N/A
2	TWUL £100m inflation-linked term loan with Barclays Bank PLC as lender and as agent originally dated 31 October 2008 and as amended and restated on 24 April 2024 (GBP (£))	N/A	N/A
3	TWUF RPI Accretion Agreement dated 26 August 2021 (GBP (£))	N/A	N/A
4	TWUF £40m Class A Guaranteed Unwrapped Index-Linked Bonds (3m RPI + 1.974%) dated 7 October 2010 (GBP (£))	XS0548262061	054826206