

Prospectus dated 17 January 2024



## THAMES WATER UTILITIES FINANCE PLC

*(incorporated with limited liability in England and Wales under registered number 02403744)*

*(Legal Entity Identifier: 213800ESMPQ4RQ7G8351)*

**£45,000,000 0.721% INDEX LINKED CLASS A UNWRAPPED BONDS DUE 2027**  
**£40,000,000 0.750% INDEX LINKED CLASS A BONDS DUE 2034**  
**£300,000,000 3.5% GUARANTEED CLASS A UNWRAPPED BONDS DUE 2028**  
**£400,000,000 7.738% GUARANTEED CLASS A UNWRAPPED BONDS DUE 2058**  
**£250,000,000 2.625% CLASS A GUARANTEED UNWRAPPED BONDS DUE 2032**  
**£250,000,000 2.875% CLASS B GUARANTEED UNWRAPPED BONDS DUE 2027**  
**CAD250,000,000 2.875% CLASS A GUARANTEED UNWRAPPED BONDS DUE 2024**  
**£350,000,000 2.375% CLASS A GUARANTEED UNWRAPPED BONDS DUE 2040**  
**£40,000,000 2.442% CLASS A GUARANTEED UNWRAPPED BONDS DUE 2050**  
**US\$57,000,000 2.06% CLASS A UNWRAPPED BONDS DUE 2030**  
**US\$40,000,000 1.604% CLASS A UNWRAPPED BONDS DUE 2027**

**under the £15,000,000,000 Multicurrency Programme for the issuance of  
Guaranteed Bonds  
financing**

**Thames Water Utilities Limited**

*(incorporated with limited liability in England and Wales with registered number 2366661)*

On 30 August 2007, Thames Water Utilities Cayman Finance Limited (“**TWUCFL**”) entered into a multicurrency programme for the issuance of up to £15,000,000,000 Guaranteed Bonds (the “**Programme**”). On 31 August 2018, TWUCFL was substituted with Thames Water Utilities Finance plc (the “**Issuer**” or “**TWUF**”) as the issuer of all Bonds previously issued by TWUCFL (including the Series 17 Bonds, the Series 18 Bonds, the Series 19 Bonds, the Series 20 Bonds, the Series 22 Bonds, the Series 24 Bonds and the Series 25 Bonds (as defined below)) and accordingly TWUF has succeeded TWUCFL as the Issuer under the Programme.

The payment of all amounts owing in respect of the bonds (the “**Bonds**”) will be unconditionally and irrevocably guaranteed by Thames Water Utilities Limited (“**TWUL**” or “**Thames Water**”) and Thames Water Utilities Holdings Limited (“**TWH**”), as described herein. TWUL, the Issuer and TWH are together referred to herein as the “**Obligors**”.

The Issuer has issued the £45,000,000 0.721% Index Linked Class A Unwrapped Bonds Due 2027 (the “**Series 17 Bonds**”), the £40,000,000 0.750% Index Linked Class A Bonds Due 2034 (the “**Series 18 Bonds**”), the £300,000,000 3.5% Guaranteed Class A Unwrapped Bonds Due 2028 (the “**Series 19 Bonds**”), the £400,000,000 7.738% Guaranteed Class A Unwrapped Bonds Due 2058 (the “**Series 20 Bonds**”), the £250,000,000 2.625% Class A Guaranteed Unwrapped Bonds Due 2032 (the “**Series 22 Bonds**”), the £250,000,000 2.875% Class B Guaranteed Unwrapped Bonds Due 2027 (the “**Series 24 Bonds**”), the CAD250,000,000 2.875% Class A Guaranteed Unwrapped Bonds Due 2024 (the “**Series 25 Bonds**”), the £350,000,000 2.375% Class A Guaranteed Unwrapped Bonds Due 2040 (the “**Series 26 Bonds**”), the £40,000,000 2.442% Class A Guaranteed Unwrapped Bonds Due 2050 (the “**Series 27 Bonds**”), the US\$57,000,000 2.06% Class A Unwrapped Bonds Due 2030 (the “**Series 30 Bonds**”) and the US\$40,000,000 1.604% Class A Unwrapped Bonds Due 2027 (the “**Series 31 Bonds**”) and together with the Series 17 Bonds, the Series 18 Bonds, the Series 19 Bonds, the Series 20 Bonds, the Series 22 Bonds, the Series 24 Bonds, the Series 25 Bonds, the Series 26 Bonds, the Series 27 Bonds and the Series 30 Bonds, the “**Bonds**” and each a “**Series**”) pursuant of the £15,000,000,000 multicurrency programme for the issuance of guarantee bonds (the “**Programme**”).

This Prospectus shall be read in conjunction with information incorporated by reference herein, including sections of the EMTN Prospectus (as defined below) (see “**Documents Incorporated by Reference**”). The EMTN Prospectus was approved by the FCA on 12 October 2023.

Each Series was issued on the following dates (such dates being the “**Issue Date**” in respect of each Series): the Series 17 Bonds were issued on 21 December 2015, the Series 18 Bonds were issued on 18 December 2015, the Series 19 Bonds were issued on 25 February 2016, the Series 20 Bonds were issued on 23 December 2016,

the Series 22 Bonds were issued on 24 January 2017, the Series 24 Bonds were issued on 3 May 2017, the Series 25 Bonds were issued on 12 December 2017, the Series 26 Bonds were issued on 22 April 2020, the Series 27 Bonds were issued on 12 May 2020, the Series 30 Bonds were issued on 12 November 2020 and the Series 31 Bonds were issued on 23 December 2020.

Application has been made to the Financial Conduct Authority (the “**FCA**”) under Part VI of the Financial Services and Markets Act 2000, as amended (“**FSMA**”) for Bonds to be admitted to the official list of the FCA (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Bonds to be admitted to trading on the London Stock Exchange’s main market (the “**Main Market**”). The Main Market is a regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the European Union (Withdrawal Agreement) Act 2020, as amended (the “**EUWAA**”) (“**UK MiFIR**”). This Prospectus has been approved by the FCA, as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWAA (the “**UK Prospectus Regulation**”). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of either the Obligors or the quality of the Bonds that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Bonds. The total amount of the Bonds to be admitted to the Official List and to trading on the Main Market is £1,925,000,000 (being the aggregate nominal amount of the Sterling denominated Bonds), \$97,000,000 (being the aggregate nominal amount of the U.S. dollars denominated Bonds, Series 30 Bonds and Series 31 Bonds) and CAD250,000,000 (being the nominal amount of the Canadian dollars denominated Bonds, Series 25).

The Bonds (other than the Series 25 Bonds) are represented by a temporary global bond (“**Temporary Global Bond**”), which were to be deposited with, and registered in the name of, a common depository for Euroclear Bank SA/NV (“**Euroclear**”) or Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”) on or around the applicable Issue Date. The Series 25 Bonds are represented by a registered global bond (“**Registered Global Bond**”) which was to be deposited with, and registered in the name of, Euroclear or Clearstream, Luxembourg on or around the applicable Issue Date.

The Bonds have not been and will not be registered under the United States Securities Act of 1933 (the “**Securities Act**”). The Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, United States persons (as defined in Regulation S of the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, registration under the Securities Act.

The Series 24 Bonds (being Class B Bonds) have been rated BB+ (negative watch) by S&P Global Ratings UK Limited (“**Standard & Poor’s**”) and Ba1 (stable outlook) by Moody’s Investors Service Limited (“**Moody’s**”). The remaining Bonds (being Class A Bonds) have been rated BBB (negative watch) by S&P Global Ratings UK Limited (“**Standard & Poor’s**”) and Baa1 (stable outlook) by Moody’s Investors Service Limited (“**Moody’s**”). Investors should understand that a security rating is not a recommendation to buy, sell or hold securities, that it may be subject to suspension, reduction or withdrawal at any time by the assigning rating organisation and that any rating should be evaluated independently of any other rating.

If any withholding or deduction for or on account of tax is applicable to the Bonds, payments of interest on, principal of and premium (if any) on the Bonds will be made subject to such withholding or deduction, without the Issuer being obliged to pay any additional amounts as a consequence (unless otherwise specified in the applicable Final Terms).

Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 added a new Section 13 to the United States Bank Holding Company Act of 1956 (such section and the regulations promulgated thereunder commonly known, collectively, as the “**Volcker Rule**”). The Volcker Rule generally prohibits “banking entities” (which are broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsorship in a “covered fund” and (iii) entering into a “covered transactions” with a “covered fund”, subject to certain exceptions and exclusions. Covered transactions include (among other things) entering into a swap transaction or guaranteeing notes if the swap or the guarantee would result in a credit exposure to the covered fund.

If the Issuer is a covered fund, the Volcker Rule and its related regulatory provisions will impact the ability of banking entities to hold an “ownership interest” in it. This may adversely impact the market price and liquidity of the Bonds. Further, if a banking entity is considered the “sponsor” of the Issuer under the Volcker Rule, that banking entity may face a prohibition on covered transactions with the Issuer. This could adversely impact the ability of the banking entity to enter into new transactions with the Issuer and may require amendments to certain existing transactions and arrangements. There is limited interpretive guidance regarding the Volcker Rule, and implementation of the regulatory framework for the Volcker Rule is still evolving and regulators in the United States may promulgate further regulatory changes. The Volcker Rule’s prohibitions and lack of interpretive guidance could negatively impact the liquidity and market price of the Bonds and no assurance can be given as to the impact of any regulatory changes on the Bonds. Prospective purchasers of the Bonds should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally. Each purchaser must determine for itself whether it is a banking entity subject to regulation under the Volcker Rule. None of the Issuer, the Obligors, any member of the TWU Financing Group (as defined below) or the Thames Water Group (as defined below), the Bond Trustee, the Security Trustee, the Financial Guarantors or the Other Parties makes any representation regarding the ability of any purchaser to acquire or hold the Bonds, now or at any time in the future.

The denomination of the Bonds is at least £100,000 (for a Series denominated in Sterling), \$200,000 (for a Series denominated in U.S. dollars) and CAD200,000 (for a Series denominated in Canadian dollars).

Prospective investors should have regard to the factors described under the section headed “*Risk Factors*” in this Prospectus and pages 26-68 of the EMTN Prospectus (as defined herein), which are incorporated by reference herein.

## IMPORTANT NOTICE

This prospectus (“**Prospectus**”) is a prospectus for the purposes of the UK Prospectus Regulation.

This Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Bonds which are to be admitted to trading on a regulated market in the UK and/or offered to the public in the UK other than in circumstances where any exemption is available under Article 1(4) and/or 3(2) of the UK Prospectus Regulation. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.

Each of the Issuer and the other Obligors accepts responsibility for the information contained in this Prospectus and the Final Terms, as the case may be, for each Series of Bonds issued under the Programme. To the best of the knowledge of the Issuer and each of the other Obligors the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

This Prospectus is being distributed only to, and is directed only at, persons who: (i) are outside the United Kingdom; or (ii) are persons who have professional experience in matters relating to investments falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or (iii) are high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(1) of the Order (all such persons together being referred to as “**relevant persons**”). This Prospectus, or any of its contents, must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available only to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such investments will be engaged in only with, relevant persons.

Copies of the Final Terms are available from Clearwater Court, Vastern Road, Reading, Berkshire RG1 8DB, from the specified office set out below of each of the Paying Agents or the Registrar and Transfer Agents (as applicable) and from the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>. The contents of this website, other than copies of those documents deemed to be incorporated by reference into this Prospectus, are for information purposes only and do not form part of this Prospectus.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see the section “*Documents Incorporated by Reference*” below).

No person has been authorised to give any information or to make representations other than the information or the representations contained in this Prospectus in connection with the Issuer, any member of the TWU Financing Group (as defined below) or the Thames Water Group (as defined below) or the offering or sale of the Bonds and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, any member of the TWU Financing Group, the Thames Water Group, the Bond Trustee or the Security Trustee (each as defined below). Neither the delivery of this Prospectus nor any offering or sale of Bonds made in connection herewith shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or any member of the TWU Financing Group or any other Obligor since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or any other Obligor since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented. Unless otherwise indicated herein, all information in this Prospectus is given on the date of this Prospectus. This document does not constitute an offer of, or an invitation by, or on behalf of, the Issuer or any other Obligor to subscribe for, or purchase, any of the Bonds.

None of the Dealers or their affiliates, the Financial Guarantors, the Bond Trustee or the Security Trustee nor any of the Hedge Counterparties, the Liquidity Facility Providers, the Authorised Credit Providers, the Agents,

the Account Bank, the Standstill Cash Manager, the Finance Lessors, the auditors of the Issuer and Guarantors or the members of the Thames Water Group (other than the Obligors) (each as defined below and, together, the “**Other Parties**”) has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any Other Party as to the accuracy or completeness of the information contained in this Prospectus or any other information supplied in connection with the Bonds or their distribution. The statements made in this paragraph are without prejudice to the respective responsibilities of the Issuer and the other Obligors. Each person receiving this Prospectus acknowledges that such person has not relied on any Other Party nor on any person affiliated with any of them in connection with its investigation of the accuracy of such information or its investment decision. Neither the Obligors nor the Other Parties accept responsibility to investors for the regulatory treatment of their investment in any jurisdiction or by any regulatory authority.

None of the Other Parties expressly undertakes to review the financial condition or affairs of any of the Obligors during the life of the Programme or to advise any investor in the Bonds of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Prospectus when deciding whether or not to purchase any Bonds.

None of the Issuer, any member of the TWU Financing Group, any member of the Thames Water Group or the Other Parties accept responsibility to investors for the regulatory treatment of their investment in the Bonds (including (but not limited to) whether any transaction or transactions pursuant to which Bonds are issued from time to time is or will be regarded as constituting a “securitisation” for the purpose of (i) Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017; and (ii) Regulation (EU) 2017/2042 as it forms part of domestic law of the UK by virtue of EUWA) by any regulatory authority in any jurisdiction. If the regulatory treatment of an investment in the Bonds is relevant to any investor’s decision whether or not to invest, the investor should make its own determination as to such treatment and for this purpose seek professional advice and consult its regulator. Prospective investors are referred to the “*Risk Factors – Regulatory, Equity and Debt Funding Considerations*” section of the EMTN Prospectus for further information.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, any Financial Guarantor, any member of the TWU Financing Group, any member of the Thames Water Group or any of the Other Parties that any recipient of this Prospectus should purchase any of the Bonds.

Each person contemplating making an investment in the Bonds must make its own investigation and analysis of the creditworthiness of the Issuer and the other Obligors and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment. A prospective investor who is in any doubt whatsoever as to the risks involved in investing in the Bonds should consult independent professional advisers. Any prospective Bondholder should take its own legal, financial, accounting, tax and other relevant advice as to the structure and viability of its investment.

THE BONDS AND THE GUARANTEES IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE BONDS MAY INCLUDE BEARER BONDS THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE BONDS AND THE GUARANTEES IN RESPECT THEREOF MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER BONDS, DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (“**REGULATION S**”)).

THE BONDS AND THE GUARANTEES IN RESPECT THEREOF ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF THE BONDS AND THE GUARANTEES IN RESPECT THEREOF AND DISTRIBUTION OF THIS PROSPECTUS SEE “*DISTRIBUTION, TRANSFER AND SELLING RESTRICTIONS*”.

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

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (“**EEA**”). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “**MIFID II**”); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE “**INSURANCE DISTRIBUTION DIRECTIVE**”), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II. CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE “**PRIIPS REGULATION**”) FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UK. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW OF THE UNITED KINGDOM BY VIRTUE OF THE EUWA; OR (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FSMA AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT THE INSURANCE DISTRIBUTION DIRECTIVE WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW OF THE UNITED KINGDOM BY VIRTUE OF THE EUWA. CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY THE PRIIPS REGULATION AS IT FORMS PART OF DOMESTIC LAW OF THE UNITED KINGDOM BY VIRTUE OF THE EUWA (THE “**UK PRIIPS REGULATION**”) FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UK MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

**MIFID II PRODUCT GOVERNANCE / TARGET MARKET** – THE FINAL TERMS IN RESPECT OF ANY BONDS WILL INCLUDE A LEGEND ENTITLED “MIFID II PRODUCT GOVERNANCE” WHICH WILL OUTLINE THE TARGET MARKET ASSESSMENT IN RESPECT OF THE BONDS AND WHICH

CHANNELS FOR DISTRIBUTION OF THE BONDS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE BONDS (A “**DISTRIBUTOR**”) SHOULD TAKE INTO CONSIDERATION THE TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO DIRECTIVE 2014/65/EU (AS AMENDED, “**MIFID II**”) IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE BONDS (BY EITHER ADOPTING OR REFINING THE TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS. A DETERMINATION WILL BE MADE IN RELATION TO EACH ISSUE ABOUT WHETHER, FOR THE PURPOSE OF THE PRODUCT GOVERNANCE RULES UNDER EU DELEGATED DIRECTIVE 2017/593.

**UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET** – THE FINAL TERMS IN RESPECT OF ANY BONDS WILL INCLUDE A LEGEND ENTITLED “**UK MIFIR PRODUCT GOVERNANCE**” WHICH WILL OUTLINE THE TARGET MARKET ASSESSMENT IN RESPECT OF THE BONDS AND WHICH CHANNELS FOR DISTRIBUTION OF THE BONDS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE BONDS (A “**DISTRIBUTOR**”) SHOULD TAKE INTO CONSIDERATION THE TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE BONDS (BY EITHER ADOPTING OR REFINING THE TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

The distribution of this Prospectus and the offering, sale or delivery of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the other Obligors to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of the Bonds and on distribution of this Prospectus, see Chapter 6 “*Distribution, Transfer and Selling Restrictions*”. This Prospectus does not constitute, and may not be used for the purposes of, an offer to or solicitation by any person to subscribe or purchase any Bonds in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

Other than in relation to the documents which are deemed to be incorporated by reference (see “*Documents Incorporated by Reference*” below), the information on the websites to which this Prospectus refers does not form part of this Prospectus, and you should not rely on them and has not been scrutinised or approved by the FCA. All references herein to “**pounds**”, “**sterling**”, “**Sterling**” or “**£**” are to the lawful currency of the United Kingdom, all references to “**Canadian dollars**”, “**CAD**” or “**CAD\$**” are to the lawful currency of Canada and all references to “**\$**”, “**U.S.\$**”, “**U.S. dollars**” and “**dollars**” are to the lawful currency of the United States of America.

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## CHAPTER 1 OVERVIEW

*The following does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the Conditions of any particular Series of Bonds, the applicable Final Terms. Words and expressions not defined in this section have the same meanings as defined in Chapter 3 “The Terms of the Bonds”.*

### The Parties

<b>Issuer</b>	Thames Water Utilities Finance plc, a company incorporated in England and Wales with limited liability (registered number 02403744). The Issuer is a wholly-owned subsidiary of TWH.
<b>Obligors</b>	TWH, TWUL, and the Issuer are collectively referred to herein as the “Obligors” and each an “Obligor”. The Bondholders shall, through the Security Trustee, have recourse to the Obligors, as described in further detail in Chapter 7 “ <i>Overview of the Financing Agreements – Security Agreement</i> ” of the EMTN Prospectus which is incorporated by reference herein.
<b>Bond Trustee</b>	Deutsche Trustee Company Limited acts and will act as bond trustee on behalf of the Bondholders (as defined below) (“ <b>Bond Trustee</b> ”)
<b>Security Trustee</b>	Deutsche Trustee Company Limited acts and will act as security trustee for itself and on behalf of the Secured Creditors (as defined below) (the “ <b>Security Trustee</b> ”).
<b>Secured Creditors</b>	The Secured Creditors comprise any person who is a party to, or has acceded to, the STID as a Secured Creditor. The Bondholders are, or subject to their accession to the STID as Secured Creditors, will be, Secured Creditors.
<b>Bondholder</b>	The holders of each Class of Bonds of each Series (the “ <b>Bondholders</b> ”)

### The Bonds

<b>Description of the Bonds</b>	The £45,000,000 0.721% Index Linked Class A Unwrapped Bonds due 2027 (the “ <b>Series 17 Bonds</b> ”). The £40,000,000 0.750% Index Linked Class A Bonds due 2034 (the “ <b>Series 18 Bonds</b> ”). The £300,000,000 3.5% Guaranteed Unwrapped Bonds due 2028 (the “ <b>Series 19 Bonds</b> ”). The £400,000,000 7.738% Guaranteed Class A Unwrapped Bonds due 2058 (the “ <b>Series 20 Bonds</b> ”). The £250,000,000 2.625% Class A Guaranteed Unwrapped Bonds due 2032 (the “ <b>Series 22 Bonds</b> ”).
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	<p>The £250,000,000 2.875% Class B Guaranteed Unwrapped Bonds due 2027 (the “<b>Series 24 Bonds</b>”).</p> <p>The CAD250,000,000 2.875% Class A Guaranteed Unwrapped Bonds due 2024 (the “<b>Series 25 Bonds</b>”).</p> <p>The £350,000,000 2.375% Class A Guaranteed Unwrapped Bonds due 2040 (the “<b>Series 26 Bonds</b>”).</p> <p>The £40,000,000 2.442% Class A Guaranteed Unwrapped Bonds due 2050 (the “<b>Series 27 Bonds</b>”).</p> <p>The US\$57,000,000 2.06% Class A Unwrapped Bonds due 2030 (the “<b>Series 30 Bonds</b>”).</p> <p>The US\$40,000,000 1.604% Class A Unwrapped Bonds due 2027 (the “<b>Series 31 Bonds</b>”).</p> <p>All issued under the Guaranteed Bond Programme.</p>
<b>Programme Size</b>	<p>Up to £15,000,000,000 (or its equivalent in other currencies calculated as described herein) aggregate nominal amount of Bonds outstanding at any time.</p>
<b>Issuance in Classes</b>	<p>The Series 17 Bonds, the Series 18 Bonds, the Series 19 Bonds, the Series 20 Bonds, the Series 22 Bonds, the Series 25 Bonds, the Series 26 Bonds, the Series 27 Bonds, the Series 30 Bonds and the Series 31 Bonds have been designated as Class A Unwrapped Bonds.</p> <p>The Series 24 Bonds have been designated as Class B Unwrapped Bonds.</p> <p>The specific terms of each Series of Bonds are set out in the relevant Final Terms.</p>
<b>Issue Dates</b>	<p>The Series 17 Bonds were issued on 21 December 2015.</p> <p>The Series 18 Bonds were issued on 18 December 2015.</p> <p>The Series 19 Bonds were issued on 25 February 2016.</p> <p>The Series 20 Bonds were issued on 23 December 2016.</p> <p>The Series 22 Bonds were issued on 24 January 2017.</p> <p>The Series 24 Bonds were issued on 3 May 2017.</p> <p>The Series 25 Bonds were issued on 12 December 2017.</p> <p>The Series 26 Bonds were issued on 22 April 2020.</p> <p>The Series 27 Bonds were issued on 12 May 2020.</p> <p>The Series 30 Bonds were issued on 12 November 2020.</p> <p>The Series 31 Bonds were issued on 23 December 2020.</p>
<b>Distribution</b>	<p>The following Bonds were distributed by way of a private placement on a syndicated basis: the Series 19 Bonds, Series 20, Series 22 Bonds, Series 24 Bonds, Series 25 Bonds and Series 26 Bonds.</p> <p>The following Bonds were distributed by way of a private placement on a non-syndicated basis: the Series 17 Bonds, Series 18 Bonds, Series 27 Bonds, Series 30 Bonds and Series 31 Bonds.</p>
<b>Certain Restrictions</b>	<p>Each issue of Bonds, denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply, has been and will only be issued in circumstances which comply with such laws, guidelines,</p>

regulations, restrictions or reporting requirements from time to time including the restrictions applicable at the date of this Prospectus. See Chapter 6 “*Distribution, Transfer and Selling Restrictions*”.

**Currencies**

Canadian dollars, Sterling and U.S. dollars.

**Maturities**

The Series 17 Bonds mature on 21 December 2027.

The Series 18 Bonds mature on 18 December 2034.

The Series 19 Bonds mature on 25 February 2028.

The Series 20 Bonds mature on 9 April 2058.

The Series 22 Bonds mature on 24 January 2032.

The Series 24 Bonds mature on 3 May 2027.

The Series 25 Bonds mature on 12 December 2024.

The Series 26 Bonds mature on 22 April 2040.

The Series 27 Bonds mature on 12 May 2050.

The Series 30 Bonds mature on 12 November 2030.

The Series 31 Bonds mature on 23 December 2027.

**Issue Price**

The Bonds have been issued on a fully-paid basis.

The following Bonds were issued at par: Series 17 Bonds, Series 18 Bonds, Series 27 Bonds, Series 30 Bonds and Series 31 Bonds.

The Series 19 Bonds were issued at 99.09 per cent. of the principal amount issued.

The Series 20 Bonds were issued at 198.55 per cent. of the principal amount issued.

The Series 22 Bonds were issued at 99.245 per cent. of the principal amount issued.

The Series 24 Bonds were issued at 99.036 per cent. of the principal amount issued.

The Series 25 Bonds were issued at 99.241 per cent. of the principal amount issued.

The Series 26 Bonds were issued at 99.286 per cent. of the principal amount issued.

**Interest**

The Bonds are interest-bearing and interest is calculated on the Principal Amount Outstanding (as defined in the Conditions) of each Bond.

In relation to all Bonds other than the Series 17 Bonds and the Series 18 Bonds, Interest accrues at a fixed (plus, in the case of Indexed Bonds, amounts in respect of indexation) and is payable in arrear, as specified in the relevant Final Terms. The Series 17 Bonds and the Series 18 Bonds are Indexed Bonds and therefore amounts accrue in respect of indexation.

Interest is calculated on the basis of such Day Count Fraction (as defined in the relevant Conditions) as specified in the relevant Final Terms.

<b>Form of Bonds</b>	<p>Other than the Series 25 Bonds, the Bonds have been issued under the Programme in bearer form.</p> <p>The Series 25 Bonds have been issued under the Programme in registered. Registered Bonds will not be exchangeable for Bearer Bonds.</p>
<b>Indexed Bonds</b>	<p>Payments in respect of interest in respect of the Indexed Bonds are and calculated in accordance with Condition 7 (<i>Indexation</i>) by reference to the UK Retail Price Index.</p>
<b>Interest Payment Dates</b>	<p>Series 17 Bonds - Interest is payable semi-annually on 18 June and 18 December in each year.</p> <p>Series 18 Bonds - Interest is payable semi-annually on 18 June and 18 December in each year.</p> <p>Series 19 Bonds - Interest is payable annually on 25 February each year.</p> <p>Series 20 Bonds - Interest is payable annually on 9 April each year.</p> <p>Series 22 Bonds - Interest is payable annually on 24 January each year.</p> <p>Series 24 Bonds - Interest is payable annually on 3 May each year.</p> <p>Series 25 Bonds - Interest is payable semi-annually on 12 June and 12 December in each year.</p> <p>Series 26 Bonds - Interest is payable annually on 22 April each year.</p> <p>Series 27 Bonds - Interest is payable annually on 12 May each year.</p> <p>Series 30 Bonds - Interest is payable semi-annually on 12 May and 12 November in each year.</p> <p>Series 31 Bonds - Interest is payable semi-annually on 23 June and 23 December in each year.</p>
<b>Redemption</b>	<p>The applicable Final Terms indicate either that the relevant Bonds cannot be redeemed prior to their stated maturity (other than in specified instalments, or for taxation reasons, if applicable, or following an Index Event or (subject to the terms of the STID) following an Event of Default) or that such Bonds will be redeemable at the option of the Issuer and/or the Bondholders upon giving notice to the Bondholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as set out in the applicable Final Terms.</p>
<b>Redemption for Index Event, Taxation or Other Reasons</b>	<p>Upon the occurrence of certain index events (as set out in Condition 8(c) (<i>Redemption for Index Event, Taxation or Other Reasons</i>)), the Issuer may redeem all, but not some only, of the Indexed Bonds at their Principal Amount Outstanding together with accrued but unpaid interest and amounts in respect of</p>

indexation and any and all amounts due and payable by the Issuer to any Financial Guarantor under the Finance Documents.

In addition, in the event of the Issuer becoming obliged to make any deduction or withholding from payments in respect of the Bonds (although the Issuer will not be obliged to pay any additional amounts in respect of such deduction or withholding) the Issuer may (but is not obliged to): (a) use its reasonable endeavours to arrange for the substitution of another company incorporated in an alternative jurisdiction (subject to certain conditions as set out in Condition 8(c) (*Redemption for Index Event, Taxation or Other Reasons*)) ; and, failing this (b) redeem (subject to certain conditions as set out in Condition 8(c) (*Redemption for Index Event, Taxation or Other Reasons*)) all (but not some only) of the Bonds at their Principal Amount Outstanding (plus, in the case of Indexed Bonds, amounts in respect of indexation) together with accrued but unpaid interest. No single Class or Sub-Class of Bonds may be redeemed in these circumstances unless all the other Classes and Sub-Classes of Bonds are also redeemed in full at the same time

In the event of TWUL electing to prepay an advance funded by the proceeds of an issuance of a Sub-Class of Bonds (in whole or in part) under an Issuer/TWUL Loan Agreement, the Issuer shall be obliged to redeem all or the relevant part of such Sub-Class of Bonds or the proportion of the relevant Sub-Class which the proposed prepayment amount bears to the amount of the relevant advance under the relevant Issuer/TWUL Loan Agreement.

The Issuer shall only be permitted to pay Early Redemption Amounts to the extent that in so doing it will not cause an Event of Default to occur or subsist.

### **Denomination of Bonds**

Bonds have been and will be issued in such denominations as specified in the relevant Final Terms save that: (i) in the case of the Sterling denominated Bonds, the minimum specified denomination is £100,000; (ii) in the case of the US dollar denominated Bonds, the minimum specified denomination is US\$200,000; and (iii) in the case of Canadian dollar denominated Bonds, the minimum specified denomination is CAD200,000. See the section "*Certain Restrictions*" above.

### **Taxation**

Payments in respect of Bonds or under the relevant Financial Guarantee are or will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature imposed or levied by or on behalf of any jurisdiction, unless and save to the extent that the withholding or deduction of such taxes, duties or charges is required by law. In that event and to that extent, the Issuer and, to the extent there is a claim under the relevant Financial Guarantee, the relevant Financial Guarantor will make payments subject to the

appropriate withholding or deduction. Notwithstanding the foregoing, no additional amounts are or will be paid by the Issuer or the Guarantors or, to the extent there is a claim under the relevant Financial Guarantee, by the relevant Financial Guarantor in respect of any withholdings or deductions.

## **Status of the Bonds**

The Bonds in issue constitute secured obligations of the Issuer. Each Class of Bonds ranks and will rank *pari passu* without preference or priority in point of security amongst themselves.

The Bonds represent the right of the holders of such Bonds to receive interest and principal payments from the Issuer in accordance with the terms and conditions of the Bonds (the “**Conditions**”) and the Bond Trust Deed.

All claims in respect of the Class A Unwrapped Bonds will rank in priority to payments of interest and principal due on all Class B Unwrapped Bonds.

In the case of interest on the Class B Bonds only, if, on any Payment Date prior to the taking of Enforcement Action after the termination of a Standstill Period, there are insufficient funds available to the Issuer (after taking into account any amounts available to be drawn under any DSR Liquidity Facility or from the Debt Service Reserve Accounts) to pay accrued interest on the Class B Bonds, the Issuer’s liability to pay such accrued interest will be treated as not having fallen due and will be deferred until the earliest of: (i) the next following Interest Payment Date on which the Issuer has, in accordance with the Payment Priorities, sufficient funds available to pay such deferred amounts (including any interest accrued thereon); (ii) the date on which the Class A Debt has been paid in full; and (iii) an Acceleration of Liabilities (other than a Permitted Hedge Termination, a Permitted Lease Termination or a Permitted EIB Compulsory Prepayment Event) and in the case of a Permitted Share Pledge Acceleration only to the extent that there would be sufficient funds available in accordance with the Payment Priorities to pay such deferred interest (including any interest accrued thereon). Interest will accrue on such deferred interest at the rate otherwise payable on unpaid principal of such Class B Bonds.

In the case of principal on the Class B Bonds only, if on any date, prior to the taking of Enforcement Action after the termination of a Standstill Period, on which such Bond is to be redeemed (in whole or in part) there are insufficient funds available to the Issuer to pay such principal, the Issuer’s liability to pay such principal will be treated as not having fallen due and will be deferred until the earliest of: (i) the next following Interest Payment Date on which the Issuer has, in accordance with the Payment Priorities, sufficient funds to pay such deferred amounts (including any interest accrued thereon); (ii) the date on which all

Class A Debt has been paid in full; and (iii) an Acceleration of Liabilities (other than a Permitted Hedge Termination, a Permitted Lease Termination or a Permitted EIB Compulsory Prepayment Event) and in the case of a Permitted Share Pledge Acceleration only to the extent that there would be sufficient funds available in accordance with the Payment Priorities to pay such deferred principal (including any accrued interest thereon). Interest will accrue on such deferred principal at the rate otherwise payable on unpaid principal of such Class B Bonds.

## **Covenants**

The representations, warranties, covenants (positive, negative and financial) and events of default which apply and will apply to, among other things, the Bonds are set out in the common terms agreement dated 30 August 2007 as amended, supplemented or restated from time to time (the “CTA”). See Chapter 7 “*Overview of the Financing Agreements*” under “*Common Terms Agreement*” of the EMTN Prospectus.

## **Guarantee and Security**

The outstanding Bonds in issue are unconditionally and irrevocably guaranteed and secured by each of TWUL and TWH pursuant to a guarantee and security agreement (the “**Security Agreement**”) entered into by each Obligor in favour of the Security Trustee over the entire property, assets, rights and undertaking of each such Obligor (the “**Security**”), in the case of TWUL to the extent permitted by the WIA and the Licence. Each such guarantee constitutes a direct, unconditional and secured obligation of each such Obligor. The Security is held by the Security Trustee on trust for the Secured Creditors (as defined below) under the terms of the Security Agreement and subject to the terms of the STID (as defined below).

The securitised assets backing any issue have characteristics that demonstrate the capacity to produce funds to service any payments due and payable on the Bonds issued.

## **Intercreditor Arrangements**

The Secured Creditors, each Secondary Market Guarantor and each Obligor are and will each be a party to a security trust and intercreditor deed dated 30 August 2007 as amended, supplemented or restated from time to time (the “**STID**”), which regulates, among other things: (i) the claims of the Secured Creditors; (ii) the exercise and enforcement of rights by the Secured Creditors; (iii) the rights of the Secured Creditors and the Secondary Market Guarantors to instruct the Security Trustee; (iv) the rights of the Secured Creditors during the occurrence of an Event of Default; (v) the Entrenched Rights and Reserved Matters of each Secured Creditor; and (vi) the giving of consents and waivers and the making of amendments by the Secured Creditors and the Secondary Market Guarantors. See Chapter 7 “*Overview of the Financing Agreements*” of the EMTN Prospectus under “*Security Trust and Intercreditor Deed*”.

## **Listing**

Upon issuance, the Bonds were admitted to the official list and main securities market of Euronext Dublin.

Application has now been made to admit the Bonds to the Official List and to admit them to trading on the Main Market.

## **Ratings**

The ratings assigned by the Rating Agencies to the Class A Unwrapped Bonds and Class B Unwrapped Bonds will reflect only the views of the Rating Agencies. The initial ratings of a Series of Bonds are specified in the relevant Final Terms.

In general, United Kingdom regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the United Kingdom and registered under the Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the “**UK CRA Regulation**”). Each of Standard & Poor’s and Moody’s is a credit rating agency established and operating in the United Kingdom and is registered under the UK CRA Regulation.

Any ratings assigned by Moody’s and/or Standard & Poor’s to any series of Bonds will be endorsed by Moody’s Deutschland GmbH and/or S&P Global Ratings Europe Limited respectively, both of which are established in the European Economic Area (EEA) and registered under the EU CRA Regulation.

As defined by S&P, a BBB rating means that the obligations of the Obligors exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the Obligors’ capacity to meet their financial commitments on the obligation.

As defined by Moody’s, a Baa1 rating means that the obligations of the Obligors are considered medium grade and are subject to moderate credit risk and as such may possess certain speculative characteristics. The modifier 1 indicates a ranking in the higher end of the ‘Baa’ generic category.

As defined by S&P, a BB+ rating means that the obligations of the Obligors are less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions. The addition of the plus (+) sign indicates a ranking at the higher end of the ‘BB’ rating category.

As defined by Moody’s, a Ba1 rating means that the obligations of the Obligors are considered to be speculative and are subject to substantial credit risk. The modifier 1 indicates a ranking in the higher end of the ‘Ba’ generic category.

As defined by Moody’s, a stable outlook means that there is a low likelihood of a rating change over the medium term.

As defined by S&P, credit watch negative means that S&P believes that there is at least a one-in-two likelihood, as a broad guideline, of a rating change or rating suspension or withdrawal

within the next 90 days. A credit watch listing, however, does not mean a rating change is inevitable.

A rating is not a recommendation to buy, sell or hold securities and will depend, among other things, on certain underlying characteristics of the business and financial condition of TWUL.

#### **Governing Law**

The Bonds and all non-contractual obligations arising from or in connection with any such Bonds are governed by, and construed in accordance with, English law.

#### **Selling Restrictions**

There are restrictions on the offer, sale and transfer of the Bonds in the United States, the United Kingdom, the European Economic Area and such other restrictions as may be required in connection with the offering and sale of a particular Sub-Class of Bonds. See Chapter 6 “*Distribution, Transfer and Selling Restrictions*”.

#### **Investor Information**

TWUL is required to produce an investors’ report (the “**Investors’ Report**”) semi-annually to be delivered within 180 days from 31 March or 90 days from 30 September of each year. Such Investors’ Report will include, among other things: (i) a general overview of the TWUL business in respect of the six month period ending on the immediately preceding Calculation Date; (ii) the calculations of the Class A ICR, Class A Adjusted ICR, Conformed Class A Adjusted ICR, Additional Conformed Class A Adjusted ICR, Senior Adjusted ICR, Conformed Senior Adjusted ICR and the Additional Conformed Senior Adjusted ICR for each Test Period (historic and projected); (iii) the calculations of the Class A Average Adjusted ICR, Conformed Class A Average Adjusted ICR, Additional Conformed Class A Average Adjusted ICR, Senior Average Adjusted ICR, Conformed Senior Average Adjusted ICR and Additional Conformed Senior Average Adjusted ICR for the 12 month period ending on such Calculation Date; (iv) the Class A RAR, Senior RAR and Conformed Senior RAR (historic and projected); and (v) reasonable detail of the computations of these financial ratios.

An abridged version of each such Investors’ Report has been and will be made available by TWUL and the Issuer on TWUL’s website. In addition, a long-form version of each such Investors’ Report has been and will be provided to the Security Trustee, each Rating Agency and each Facility Agent in accordance with the provisions of the CTA.



## **CHAPTER 2 RISK FACTORS**

*The Issuer and the other Obligors believe that the following factors may affect their ability to fulfil their obligations (including the payment of principal and interest) under the Bonds. All of these factors are contingencies which may or may not occur.*

*Certain risk factors (as noted below) are incorporated by reference from the EMTN Prospectus (the “**Incorporated Risk Factors**”).*

*The Issuer and the other Obligors believe that the factors described below and the Incorporated Risk Factors represent the principal risks inherent in investing in the Bonds, but the Issuer and the other Obligors may be unable to pay interest, principal or other amounts on or in connection with any Bonds for other reasons and the Issuer and the other Obligors do not represent that the statements below regarding the risks of holding any Bonds and the Incorporated Risk Factors are exhaustive. There may be additional risks that the Issuer or the other Obligors currently consider not to be material or of which they are not currently aware, and any of these risks could have the effects set forth above. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein, in particular, the Incorporated Risk Factors) and reach their own views prior to making any investment decision.*

### **BACKGROUND**

The risk factors set out in the sub-section “*Background*” in the section entitled “*Risk Factors*” of the EMTN Prospectus are incorporated by reference into this Prospectus.

### **STRATEGIC RISKS**

The risk factor(s) set out in the sub-section “*Strategic risks*” in the section entitled “*Risk Factors*” of the EMTN Prospectus are incorporated by reference into this Prospectus.

### **OPERATIONAL AND INFRASTRUCTURE ASSETS RISKS**

The risk factor(s) set out in the sub-section “*Operational and infrastructure asset risks*” in the section entitled “*Risk Factors*” of the EMTN Prospectus are incorporated by reference into this Prospectus.

### **COMPLIANCE RISKS**

The risk factor(s) entitled “*Environmental Quality Standards*”, “*Environmental Permitting*”, “*Performance, commitments and incentives*”, “*Health & Safety offences*”, “*Breach of Licence Conditions*”, “*Regulated Business*”, “*RCV*”, “*Termination of the Licence*”, “*Special Administration*” and “*Impact of Ofwat adopting tighter regulatory measures to achieve financial resilience*” set out in the sub-section “*Compliance risks*” in the section entitled “*Risk Factors*” of the EMTN Prospectus are incorporated by reference into this Prospectus.

### **FINANCIAL RISKS**

The risk factor(s) set out in the sub-section “*Financial risks*” in the section entitled “*Risk Factors*” of the EMTN Prospectus are incorporated by reference into this Prospectus.

Prospective investors should also have regard to the following risk factors:

#### **General**

##### **Source of payments to Bondholders**

Although the Bonds have the benefit of the Guarantees, none of the Bonds are obligations or responsibilities of, nor will they be guaranteed by, any of the Other Parties (other than the Obligors). The guarantee by TWH

may be of limited value because it does not own, nor will it own, any significant assets other than its direct shareholding in TWUL and the Issuer. Prospective investors should have regard to the risk factor entitled “*Special purpose vehicle Issuer*” in the sub-section “*Financial Risks*” in the section entitled “*Risk Factors*” of the EMTN Prospectus incorporated by reference herein.

## **Compliance Risks**

### ***Environmental considerations***

TWUL’s water supply and sewerage operations are subject to a significant number of regulations relating to the protection of the environment and human health.

TWUL and other Regulated Companies can incur significant costs in order to comply with such requirements imposed under existing or future environmental laws and regulations. This risk is increased by virtue of the ongoing and separate EA and Ofwat investigations into water and sewerage companies, pursuant to which Ofwat issued a number of water and wastewater companies with formal notices to gather further information for enforcement purposes and in respect of which Ofwat announced on 12 December 2023 that it had reached the next stage of its investigation (see section titled “*Environmental pollution offences*” below for further details of this investigation), as well as the new provisions introduced by the Environment Act 2021 in relation to storm overflows and the recommendations made by the Environmental Audit Committee inquiry in their report published on 13 January 2022 on water quality in rivers (and the response of the Government) as described in Chapter 6 “*Regulation of the Water and Wastewater Industry in England and Wales*” of the EMTN Prospectus. On 8 December 2022, DEFRA published legally binding targets to protect the environment pursuant to the Environment Act 2021. These targets include cutting water pollution and are one of the latest of a series of environmental measures reflecting increasing social and political concern about the environment.

Where such costs were not considered as part of a Periodic Review, in certain limited circumstances, TWUL may apply for an interim determination. It is possible that Ofwat may determine that the cost of fulfilling certain obligations is likely to be less than the cost actually incurred by TWUL in fulfilling such obligations. In such circumstances, the funding allowed by Ofwat may not totally cover the actual costs and TWUL would bear this additional element. In practice, the funding allowed by Ofwat is set for a package of obligations and some will cost more and some less. Because of the frequency of legislative changes, it is not always certain how future environmental laws will impact TWUL and the financial condition of TWUL and/or the interests of the Bondholders.

The environmental legislation governing TWUL’s business means that TWUL is at risk of enforcement action, prosecution, substantial fines, requirements to deal with the effects of contamination and/or upgrade plant and equipment, in the event of incidents such as the escape of sewage or a breach of water quality standards. Environmental legislation imposes strict obligations on those who manage waste and there are few defences for non-compliance. In addition, in relation to some offences, there is no statutory defence where a discharge or pollution event has occurred. This could materially and adversely affect TWUL’s reputation and/or financial position and consequently, adversely impact the Issuer’s ability to meet its obligations (including the payment of principal and interest) under the Bonds.

### ***Environmental pollution offences***

Due to the extent and location of TWUL’s waste network and assets, there is a risk that, from time to time, unlawful waste discharges/disposals may take place (whether into controlled waters or onto land) as a result of failures in TWUL’s operational wastewater collection, treatment and/or recycling, or blockages and failures on the waste network.

Such discharges may constitute criminal offences under UK environmental legislation (including, for example, the Environmental Permitting Regulations (England and Wales) 2016, the Control of Pollution (Amendment) Act 1989, Waste (England and Wales) Regulations 2011 and the Environmental Protection Act 1990) and, depending on the assessed levels of culpability and harm, as well as any aggravating and/or mitigating factors, could result in prosecution by the EA and attract significant fines. Environmental legislation imposes strict obligations on those who manage waste and there are few defences for non-compliance. In addition, in relation to some offences, there is no statutory defence where a discharge or pollution event has occurred.

Following the implementation of the sentencing council definitive guidelines for environmental offences in July 2014, for those cases involving the highest levels of culpability (whether assessed as negligent, reckless or deliberate) and harm, the courts have the power to impose significant fines for pollution offences for very large organisations. These are routinely in excess of £1 million per incident. The guidelines do not provide for any limit on the fine that can be imposed and the levels of fines for Very Large Organisations (as defined in the sentencing guidelines) can be difficult to predict. The Court of Appeal has ruled that a fine matching 100% of an organisation's pre-tax profit may not be considered to be manifestly excessive. While the current guidelines remain in place, the Environmental Audit Committee, a cross-party committee of MPs responsible for the 2021 inquiry into river water quality, has called for their review as part of their report issued in January 2022. The Government response to the report was published in May 2022, and stated that the sentencing council will consider the recommendation in due course, and any changes to the sentencing guidelines would be subject to public consultation. In a number of public statements, the EA has called for increased fines for environmental offences and even prison sentences and disqualification orders for directors. It has also indicated that in future enforcement cases, it wishes to move to a greater number of prosecutions as opposed to using its civil sanctions powers and a consultation on how the EA would determine any increased levels of fines is currently taking place. Following a public consultation launched in April 2023, on 12 July 2023, the Government announced plans to strengthen the maximum civil sanctions imposable for environmental offences. As part of the proposed amendments, the current cap of £250,000 on the fines which the EA can impose on operators will be lifted. Variable monetary penalties will also be able to be levied for offences committed under the Environmental Permitting (England and Wales) Regulations 2016. These changes will apply to England only, as outlined in the public consultation, and will apply to all operators who commit offences after the changes come into force, which is expected to be 1 December 2023.

In August 2023, the EA issued a statutory consultation (which closes on 8 October) on the amendments to its Enforcement and Sanctions Policy including details of when penalties are to be used, how they will operate alongside other remedies available to the EA (e.g. prosecution through the courts), how penalties will be calculated and the appeals process. These developments could lead to an increase in the levels of fines and penalties levied on operators.

The Environment Agency investigation titled "Operation Standard" formally commenced in November 2021. Since December 2021, formal information requests have been received from the Environment Agency under s108 Environment Act 1995 in relation to the vast majority of TWUL's sites in relation to discharges from storm infrastructure and adherence to environmental permits. TWUL has received a number of formal information requests from the EA to share event duration monitoring, flow data/inlet flow and other kinds of data in relation to its sewage treatment sites, all of which have been responded to. The EA has also indicated that information TWUL had provided to it from May 2021 is being considered as part of this investigation. On 23 June 2023, the Environment Agency published an update on its investigation. The Environment Agency's initial assessment indicates that there may have been widespread and serious non-compliance of environmental permit conditions by all water companies. Throughout the coming months, the Environment Agency will conduct site visits to wastewater treatment works with specialist investigators. The purpose of these visits will be to secure and preserve evidence relevant to its inquiry.

In Ofwat's parallel investigation, in November 2021, Ofwat's then acting Chief Executive published an open letter to all water and sewerage company CEOs regarding company compliance with environmental permits and made a number of requests for information which TWUL complied with. The Ofwat letter stated that Ofwat would consider enforcement action for failure to comply with permit conditions and specifically mentions the WIA 1991 drainage duties and the requirement in licences to have sufficient financial resources, management resources and systems of planning and internal control (including management oversight) to carry out regulated activities. In March 2022, Ofwat served a notice on TWUL under section 203 Water Industry Act 1991. The notice contained a number of questions regarding the operation of TWUL's sewage treatment sites. TWUL responded to these questions in April 2022 as well as a number of follow up questions, and continues to be in discussion with Ofwat. Ofwat has now opened enforcement cases into six water companies, noting that it will keep its enforcement cases "under review" and that the "companies in focus may change as new information comes to light". According to Ofwat's press release PN 24/22 dated 28 June 2022, TWUL is one of six water and wastewater companies being targeted by Ofwat in the next stage of its wastewater treatment works investigation. On 21 November 2022 Ofwat's Chief Executive David Black wrote to customers on the progress of the Ofwat investigation, indicating that Ofwat is "scrutinising all the evidence" and are monitoring water companies' plans to reduce sewage discharges, and from 2025, have proposed compulsory annual targets for further improvement. On 12 December 2023, Ofwat announced that it had reached the next stage of its investigation into TWUL's management of its sewage treatment works and wider network and that it had notified TWUL of its provisional findings (which are without prejudice to any further representation that TWUL may make to Ofwat). Ofwat has not yet concluded whether there has been any contravention or failure by TWUL, nor has it decided to issue a notice under section 22A of the WIA. Ofwat expects to publish its proposed decision for public consultation in the first quarter of 2024.

On 22 March 2023, the House of Lords Industry and Regulators Committee published a report on its inquiry into the work of Ofwat. Its key findings included that Ofwat and the Environment Agency must go further to hold water companies to account for environmental pollution through penalties and prosecution and that water companies have been overly focused on maximising financial returns at the expense of the environment, operational performance and financial sustainability.

Fines can be up to 10% of annual turnover for civil cases (pending the Government's amendments to the civil penalties as described above), or unlimited in criminal proceedings. These investigations are progressing but it may be several months, or (in the case of the EA investigations) possibly a number of years, before there is an outcome.

The implementation of fines and penalties for environmental pollution offences, and the significant public, media and political scrutiny of TWUL as a result of the investigations, could affect TWUL's business, results of operations and overall financial condition, its ability to meet financial ratio and covenant requirements under the Common Terms Agreement and to raise finance, comply with its obligations under the Licence and legislation and ultimately affect the payment of principal and interest under the Bonds issued under the Programme. For more information on financial ratios and covenant requirements please see Chapter 7 (Overview of the Financing Agreements – Common Terms Agreement – Covenants - Trigger Events – Events of Default) of the EMTN Prospectus.

### ***Material Uncertainty Related to Going Concern***

Other than liabilities incurred under the Finance Documents, TWH's only material liabilities relate to Subordinated Debt owed to its parent Thames Water Limited ("TWL") as the Initial Subordinated Creditor.

Pursuant to the STID, TWL as the Initial Subordinated Creditor has agreed that such Subordinated Debt shall be a subordinated obligation of TWH, and in particular TWH shall only be permitted to make payments under the Subordinated Debt to the extent permitted by the Finance Documents and if on any date TWH is unable to

pay any amount due and payable, such amount shall be deferred and shall not be due and payable on such date and shall only be payable when TWH has sufficient funds to make such payment.

In addition to the protection in respect of Subordinated Debt, TWH obtained a letter of comfort from the directors of the Parent stating that they will not seek repayment of the principal or interest owed to it under such intercompany loans for at least 12 months from the date of signing of the TWH annual report and financial statements for the year ended 31 March 2023 (being 14 July 2023). As such, the amounts owed under this Intercompany Loan have been classified as non-current liabilities in the financial statements of TWH.

TWH has also obtained a letter of support from its ultimate parent company, Kemble Water Holdings Limited (“KWHL”) whereby KWHL agreed to provide adequate financial support to TWH to allow TWH to continue trading and to meet its liabilities as they fall due for a minimum of the next twelve months from the date of signing of the TWH annual report and financial statements for the year ended 31 March 2023 (being 14 July 2023). As at the date of approval of the financial statements for TWH for the period ended 31 March 2023, there was a material uncertainty relating to going concern in the financial statements of KWHL for the same period. Despite the limited and subordinated nature of TWH’s liabilities, this in turn created a material uncertainty for TWH as it is uncertain as to whether KWHL would be able to honour the letter of support provided. TWH therefore prepared their financial statements for the period ending 31 March 2023 on the basis of going concern with material uncertainty.

However, notwithstanding the limited and subordinated nature of TWH’s liabilities, should an unforeseen scenario materialise where TWH had no resources in which to meet its liabilities as they fell due (and hence required the assistance under the letter of support) and KWHL were unable to honour the request, this could result in TWH being unable to operate as a going concern, which may lead to an Event of Default under TWUL’s financing facilities. For more information on the funding strategy of TWUL, see the section entitled “*Strategic Risks - Regulatory, debt and equity funding of TWUL*” in the EMTN Prospectus and for further information on the consequences of an Event of Default under TWUL’s financing facilities, please see Chapter 7 (*Overview of the Financing Agreements – Common Terms Agreement – Covenants – Trigger Events; Trigger Event Consequences; Events of Default*) of the EMTN Prospectus. The occurrence of an Event of Default could also have an adverse effect on TWUL’s business, results of operations and overall financial condition, its ability to meet financial ratio and covenant requirements under the Common Terms Agreement and to raise finance, comply with its obligations under the Licence and legislation and ultimately affect the payment of principal and interest under the TWUF/TWUL Loan Agreements and the Issuer/TWUL Loan Agreements (as defined in the EMTN Prospectus), and consequently TWUL’s ability to meet its obligations under the bonds issued under the Programme.

## **Risks relating to the Bonds and the Market**

### ***Subordination of the Class B Bonds***

Payments under the Class A Bonds (each of whatever Sub-Class) rank in priority to payments of principal and interest due on all Sub-Classes of the Class B Bonds (which include the Series 24 Bonds). The Class A Bonds (each of whatever Sub-Class) rank *pari passu* amongst themselves.

If, on any Interest Payment Date, prior to the taking of Enforcement Action after the termination of a Standstill Period, there are insufficient funds available to the Issuer to pay accrued interest or principal on the Class B Bonds (after taking into account any amounts available to be drawn by the Issuer under any DSR Liquidity Facility or from the Debt Service Reserve Accounts), the Issuer’s liability to pay such accrued interest will be treated as not having fallen due and will be deferred until the earliest of: (i) the next following Interest Payment Date on which the Issuer has, in accordance with the Payment Priorities, sufficient funds available to pay such deferred amounts (including any interest accrued thereon); (ii) the date on which all Class A Debt has been paid

in full; and (iii) an Acceleration of Liabilities (other than a Permitted Hedge Termination, a Permitted Lease Termination or a Permitted EIB Compulsory Prepayment Event) and, in the case of a Permitted Share Pledge Acceleration, only to the extent that there would be sufficient funds available in accordance with the Payment Priorities to pay such deferred amounts (including accrued interest thereon). Interest will, however, accrue on such deferred amounts.

Notwithstanding the subordination of, and credit enhancement provided by, the Class B Bonds to the Class A Wrapped Bonds and Class A Unwrapped Bonds, the Issuer may, subject to certain conditions, optionally redeem some or all of the Bonds subordinated and providing credit enhancement to other Classes of Bonds.

It should be noted that all of the Payment Dates for the various different types of Class A Debt and Class B Debt will not necessarily coincide and that, until a Standstill Period has commenced, there is no obligation to ensure that a payment made to a holder of a Class B Bond (or any other Class B Debt Provider pursuant to any other Class B Debt) will not lead to a deficiency of funds to make payments in respect of Class A Debt that falls due on a later date.

### **Insolvency proceedings and subordination provisions**

Following a number of actions (one of which has been stayed) in the U.S., there is uncertainty as to the validity and/or enforceability in the U.S. of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor (so called “**flip clauses**”). Such provisions are similar in effect to certain of the terms which are included in Schedule 11 (*Cash Management*) to the CTA, in particular with respect to the subordination of payments to a Hedge Counterparty (see Chapter 7 “*Overview of the Financing Agreements*” of the EMTN Prospectus in the section entitled “*Debt Service Payment Account*”, which is incorporated by reference herein).

In general, if a subordination provision included in the Finance Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales (where the UK Supreme Court has upheld the validity of a flip clause), and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Bondholder, the market value of the Bonds and/or the ability of the Issuer to satisfy its obligations under the Bonds.

### ***Rights available to Bondholders***

The applicable Bond Trust Deed contains provisions detailing the Bond Trustee’s obligations to consider the interests of the Bondholders as regards all powers, trusts, authorities, duties and discretions of the Bond Trustee (except where expressly provided otherwise). Where, in the sole opinion of the Bond Trustee, there is a conflict of interest between the interests of the holders of the Class A Bonds and the interests of the holders of the Class B Bonds, the Bond Trustee shall give priority to the interests of the holders of the Class A Bonds whose interests shall prevail. Where, in the sole opinion of the Bond Trustee there is a conflict of interest between the holders of two or more Sub-Classes of Bonds of the same Class, the Bond Trustee shall consider the interests of the holders of the Sub-Class of Bonds with the shortest dated maturity and, in either case, will not have regard to the consequences of such exercise for the holders of other Sub-Classes of Bonds or for individual Bondholders 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. Subject to certain exceptions, to the extent that the exercise of any rights, powers, trusts and discretions of the Bond Trustee affects or relates to any Class A Wrapped Bonds or Class B Wrapped Bonds, the Bond Trustee shall only act on the instructions of the relevant Financial Guarantor(s) in accordance with the applicable Bond Trust Deed. The STID provides that the Security Trustee (except in relation to certain Reserved Matters and Entrenched Rights as set out in the STID) will act on instructions of the relevant DIG Representative(s). When so doing, the Security Trustee is

not required to have regard to the interests of any Finance Party (including the Bond Trustee as trustee for the Bondholders) in relation to the exercise of such rights and, consequently, has no liability to the Bondholders.

### **Intercreditor rights of Bondholders**

The Bonds are subject to the provisions of the STID. The STID contains provisions enabling the Security Trustee to implement various modifications, consents and waivers in relation to the Finance Documents and the Bonds, subject to Entrenched Rights and Reserved Matters (see Chapter 7 “*Overview of the Financing Agreements*” under “*Security Trust and Intercreditor Deed – Entrenched Rights and Reserved Matters*” of the EMTN Prospectus, which is incorporated by reference herein). The Security Trustee is authorised to act on the instructions of the Class A DIG or, following repayment of the Class A Debt, the Class B DIG. Prior to a Default Situation, a Bondholder will not be entitled to vote other than in respect of Entrenched Rights and Reserved Matters.

The STID provides that the Security Trustee (except in relation to certain Reserved Matters and Entrenched Rights as set out in the STID) will act on instructions of the relevant DIG Representative(s). When so doing, the Security Trustee is not required to have regard to the interests of any Finance Party (including any Bondholder) in relation to the exercise of such rights and, consequently, has no liability to the Bondholders as a consequence of so acting.

Accordingly, subject to the Entrenched Rights and Reserved Matters of the Bondholders, decisions relating to and binding upon the Bonds may be made by persons with no interest in the Bonds and the Bondholders may be adversely affected as a result (see Chapter 7 “*Overview of the Financing Agreements*” under “*Security Trust and Intercreditor Deed*” of the EMTN Prospectus, which is incorporated by reference herein).

Under the terms of the STID and the CTA any further issues of debt securities by the Issuer or TWUL must be made subject to the Intercreditor Arrangements contained in the CTA and the STID (to which the Bonds and the Bond Trust Deed are also subject). No alteration of the rights of priority of the Bondholders may be made without the consent of the Bondholders.

The Entrenched Rights and Reserved Matters may materially and adversely affect the exercise and proceeds of any enforcement of the Security. Subject to such Entrenched Rights and Reserved Matters, the Majority Creditors may make a modification to, or grant any consent or waiver in respect of, the Finance Documents.

The consequences for the Issuer and TWUL of the Trigger Events and the restrictions on raising Financial Indebtedness in relation to financial covenants set in the Common Terms Agreement are untested. Although designed to protect Bondholders, the enforcement of such consequences (which may in the case of Trigger Events be subject to Entrenched Rights) may of themselves affect the Issuer’s business, results of operations and overall financial condition and its ability to meet financial ratio and covenant requirements under its financings to raise further finance, operate its business and deliver investment in capital expenditure.

### **Regulatory Capital Considerations; CRD V**

Bondholders should consult their own advisers as to the effect of the application of the CRR and CRD V as implemented by their own regulator, to their holding of any Bonds. The CRR and CRD V have applied since 1 January 2014 and include amendments to the EU regulatory capital regime for credit institutions and investment firms. These amendments could result in certain investors being subject to additional regulatory capital obligations. These regulatory capital obligations would vary depending on the type of investor and the jurisdiction in which they are regulated. Investors should be aware that such regulatory capital obligations may adversely affect their own holding of the Bonds (if they fall within one of the relevant categories of regulated investors) and may adversely affect the price for which they can sell the Bonds or their ability to sell the Bonds at all. CRD V, as it had effect immediately before the end of 31 December 2020, has been retained in UK domestic law by virtue of the EUWAA (with amendments aimed at preventing, remedying or mitigating any

failure of retained EU law to operate effectively, or any other deficiency in retained EU law arising from the withdrawal of the United Kingdom from the EU).

### **Trading in the clearing systems – integral multiples of less than the minimum Specified Denomination**

In relation to any issue of the Bonds which have a denomination consisting of the minimum Specified Denomination (set out in the applicable Final Terms) plus a higher integral multiple of another smaller amount, it is possible that the Bonds may be traded in amounts in excess of the minimum Specified Denomination. In such a case, a Bondholder who, as a result of trading such amounts, holds a principal amount of less than such minimum Specified Denomination will not receive a definitive Bond in respect of such holding (should definitive Bonds be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to one or more of such Specified Denominations.

### **Rating of the Bonds**

A rating is not a recommendation to buy, sell or hold securities and will depend, among other things, on certain underlying characteristics of the business and financial condition of TWUL and circumstances relating to the water industry generally.

In general, United Kingdom regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the United Kingdom and registered under the Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the “**UK CRA Regulation**”). Each of Standard & Poor’s and Moody’s is a credit rating agency established and operating in the United Kingdom and is registered under the UK CRA Regulation. The ratings Moody’s and Standard & Poor’s have given in relation to the Bonds are endorsed by Moody’s Deutschland GmbH and S&P Global Ratings Europe Limited respectively, both of which are established in the European Economic Area (EEA) and registered under the EU CRA Regulation.

The FCA maintains on its website, [www.fca.org.uk](http://www.fca.org.uk), a list of credit rating agencies registered in accordance with the UK CRA Regulation. This list is updated after the adoption by the FCA of any decisions to withdraw the registration of a credit rating agency under the UK CRA Regulation. However, such a list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated list.

There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies (or any of them) as a result of changes in, or unavailability of, information or if, in the Rating Agencies’ judgement, circumstances so warrant. If any rating assigned to the Bonds is lowered or withdrawn, the market value of the Bonds may be reduced. Future events, including events affecting TWUL and/or circumstances relating to the water industry generally, could have an adverse impact on the ratings of the Bonds.

### **Indexed Bonds**

Under the Programme, the Issuer has issued the Series 17 Bonds and the Series 18 Bonds with principal or interest determined by reference to the RPI inflation index during a three month reference period. Potential investors should be aware that they may lose all or a substantial portion of their principal of these index-linked Bonds. The historical performance of RPI should not be viewed as an indication of the future performance of such index. Inflation indexes may go down as well as up. A decrease in the RPI inflation index over the reference period will reduce the amount of interest payable in respect of the Bonds. In a deflationary environment, the annual interest received may be lower than the rate of interest specified in the applicable Final Terms. The historical experience of the RPI inflation index should not be viewed as an indication of future performance of that inflation index during the term of any inflation linked Bonds. Accordingly, each potential investor should



consult its own financial and legal advisers about the risk entailed by an investment in the inflation linked Bonds and the suitability of such Bonds in light of its particular circumstances.

### **Fundamental Changes to RPI,**

The formula used by the Office for National Statistics for calculating RPI. Such a change in the methodology for calculating RPI may affect the actual RPI figure. Consequently, the amount of interest payable on each interest payment date and/or the amount to be repaid upon redemption of the index linked Bonds may increase, or decrease, as a result of such a change to the RPI figure.

In particular, in March 2020, a public consultation was launched on proposals issued by the UK Statistics Authority (“UKSA”) on the timing and method of bringing CPIH methods and data sources into the RPI, including to cease the publication of RPI, and, in the interim, to change the methodology used for calculating the RPI with the aim of it converging with the methodology for calculating CPIH. In November 2020, the Government and the UKSA published their response to the consultation confirming that the methodology used for calculating the RPI will be aligned with the methodology for calculating CPIH no earlier than 2030.

In April 2021 the trustees of the BT, Ford and Marks and Spencer pension schemes filed an application for a judicial review, which was granted in December 2021, over the legality of the planned change to the calculation of RPI. On 1 September 2022 the High Court ruled in favour of the Government, stating the proposed changes can legally and practically be made by the Government in February 2030. This High Court decision will have a significant impact on returns to index-linked gilt investors and other legacy users of RPI and it is unclear what, if any, further steps such investors may take.

Condition 7 (*Indexation*) provides that in the case of a fundamental change to the coverage or the basic calculation of RPI in certain specified circumstances, adjustments to such index may be made, or a substitute index (with or without adjustments) may be agreed.

The applicability or non-applicability of Condition 7 (*Indexation*), as the case may be, in the case of a fundamental change to RPI may have a positive or negative impact on the amount of interest payable on each interest payment date and/or the amount to be repaid upon redemption of the index linked Bonds. Each investor should consider carefully, and seek independent financial advice on, the impact of such changes on their investment.

### **Green Bonds**

Prospective investors who intend to invest in the Green Bonds (being the Series 30 Bonds and the Series 31 Bonds) must determine for themselves the relevance of the information in the relevant Final Terms (for example, regarding the use of proceeds) for the purpose of any investment in the Green Bonds together with any other investigation such investors deem necessary. Prospective investors should consult with their legal and other advisers before making an investment in the Green Bonds. In particular, no assurance is or can be given to investors by the Issuer, any other Obligor or any other person that the Eligible Green Projects or the Eligible Green Portfolio (each as defined in Chapter 4 “*Use of Proceeds*”) will meet or continue to meet on an ongoing basis any or all investor expectations regarding investment in “green bond”, “green” or “sustainable” or equivalently-labelled projects or performance objectives or that any adverse sustainable and/or other impacts will not occur during the implementation of any projects or uses of the proceeds. In addition, no assurance can be given by the Issuer, any other Obligors or any other person to investors that the Bonds will comply with any future standards or requirements for being Green Bonds and, accordingly, the green status of the Bonds could be withdrawn at any time.

In connection with the issue of Bonds, the Issuer and/or any other Obligor may request consultants and/or institutions with recognised expertise in environmental sustainability to issue an opinion (i) confirming that the Eligible Green Portfolio (as defined in Chapter 4 “*Use of Proceeds*” below) has been defined in accordance

with the broad categorisation of eligibility for green projects set out by the 2017 Green Bond Principles; and/or (ii) regarding the suitability of the Bonds as an investment in connection with certain environmental and sustainability projects (any such opinion, an “**External Review**”).

Any External Review is not, nor shall be deemed to be, incorporated in and/or form part of this Prospectus. An External Review may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above or incorporated by reference herein and other factors that may affect the value of the Bonds or the Eligible Green Portfolio. An External Review would not constitute a recommendation by the Issuer, any other Obligor or any other person to buy, sell or hold securities and would only be current as of the date it is released. Prospective investors must determine for themselves the relevance of any External Review and/or the information contained therein and/or the provider of any External Review for the purpose of any investment in the Bonds. In particular, no assurance or representation is or can be given to investors that the External Review will reflect any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply.

The Bondholders have no recourse against the provider of any External Review. In addition, although the Issuer has agreed to certain reporting and use of proceeds obligations it would not be an event of default under the Bonds if the Issuer fails to comply with such obligations. A withdrawal of an External Review may affect the value of the Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green assets. No assurance or representation is given by the Issuer, any other Obligor or any other person as to the suitability or reliability for any purpose whatsoever of any External Review or other opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of the Bonds, and the Bondholders have no recourse against the Issuer, any other Obligor or any other person in respect of the contents of any External Review or other such opinion or certification. It should be noted that there is currently no globally accepted framework or definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green” or an equivalently-labelled investment or as to what precise attributes are required for a particular investment to be defined as “green” or such other equivalent label. If developed in the future, investors in such Bonds may find that the Bonds no longer comply with any such definition or label.

Furthermore, it should be noted that no member of the TWU Financing Group, nor any other person makes any representation as to the suitability of the Bonds to fulfil environmental and sustainability criteria required by prospective investors. No member of the TWU Financing Group is responsible for any third party assessment of the Eligibility Criteria. Nor is any other person responsible for (i) any assessment of the Eligibility Criteria, (ii) any verification of whether the Eligible Green Projects meet the Eligibility Criteria, or (iii) the monitoring of the use of proceeds. Investors should refer to the Issuer’s website and the External Review for further information. The External Review provider has been appointed by the Issuer and/or the relevant Obligor.

In the event that the Bonds are listed or admitted to trading on any dedicated “sustainable” or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, any other Obligor or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect green, social or sustainable impact of any projects or uses which are the subject of or related to, any green, social or sustainability reports. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, any other Obligor or any other person that any such listing or admission to trading will be obtained in respect of the Bonds or, if obtained, that any such listing or admission to trading will be maintained during the

life of the Bonds. Any such event or failure to apply an amount equivalent to the net proceeds of the Bonds issued as Green Bonds for any eligible project and/or any withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any the Bonds no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of the Bonds and also potentially the value of any other Series and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

For the avoidance of doubt, any External Review referred to in connection with the issue of the Bonds is not, nor shall it be deemed to be, incorporated in and/or form part of this Prospectus. Investors should refer to the Issuer's website (<https://www.thameswater.co.uk/about-us/investors/debt-information>) and the relevant External Review for further information.

## **Risks related to the market generally**

### **Exchange rate risks and exchange controls**

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

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Bonds. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### **Interest rate risks**

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

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following sections of the base prospectus in respect of the Thames Water Utilities Finance plc £15,000,000,000 Multicurrency programme for the issuance of Guaranteed Bonds dated 12 October 2023 (the “**EMTN Prospectus**”) (available at [https://www.rns-pdf.londonstockexchange.com/rns/9863P\\_1-2023-10-12.pdf](https://www.rns-pdf.londonstockexchange.com/rns/9863P_1-2023-10-12.pdf)) which shall be incorporated in and form part of this Prospectus:

	<b>Section Title/Reference</b>	Page(s)
1.1	Chapter 2 – Risk Factors (i) Background (ii) Strategic risks (iii) Operational and infrastructure asset risks (iv) Compliance risks (v) Financial risks	26-68. The Incorporated Risk Factors (as defined above) are further described in Chapter 2 “ <i>Risk Factors</i> ”.
1.2	Chapter 4 – Overview of the Financing Structure	83-85
1.3	Chapter 5 – Description of the TWU Financing Group	86-138
1.4	Chapter 6 – Regulation of the Water and Wastewater Industry in England and Wales	139-171
1.5	Chapter 7 – Overview of the Financing Agreements	171-215
1.6	Glossary of Defined Terms	305-367

Such incorporated sections are referred to herein as the “**TWUL Disclosure**”.

The EMTN Prospectus was published and approved by the FCA on 16 October 2023.

This Prospectus should also be read and construed in conjunction with the following, which shall be incorporated in and form part of this Prospectus:

- (i) the audited financial statements of the Issuer for the year ended 31 March 2022 (as contained in the Issuer’s annual report and financial statements (<https://www.thameswater.co.uk/media-library/home/about-us/investors/debt-investors/thames-water-utilities/thames-water-utilities-finance/reports/annual-report-2021-22.pdf>)) and for the year ended 31 March 2023 (as contained in the Issuer’s annual report and financial statements (<https://www.thameswater.co.uk/media-library/home/about-us/investors/debt-investors/annual-report-2022-23.pdf>));
- (ii) the audited financial statements of TWH for the year ended 31 March 2022 (as contained in TWH’s annual report and financial statements (<https://www.thameswater.co.uk/media-library/home/about-us/investors/debt-investors/thames-water-utilities/thames-water-utilities-holdings/annual-report-2021-22.pdf>)) and for the year ended 31 March 2023 (as contained in TWH’s annual report and financial

statements (<https://www.thameswater.co.uk/media-library/home/about-us/investors/debt-investors/thames-water-utilities/thames-water-utilities-holdings/annual-report-2022-23.pdf>);

- (iii) the audited financial statements of TWUL for the year ended 31 March 2022 (as contained at pages 127 to 201 (inclusive) of TWUL’s annual report and financial statements (<https://www.thameswater.co.uk/media-library/home/about-us/investors/our-results/current-reports/thames-water-annual-and-sustainability-report-2021-22.pdf>)) and for the year ended 31 March 2023 (as contained at pages 113 to 182 (inclusive) of TWUL’s financial statements (<https://www.thameswater.co.uk/media-library/home/about-us/investors/our-results/2023-reports/thames-water-annual-report-2022-23.pdf>));
- (iv) the unaudited interim financial statements of the Issuer for the financial half year ended 30 September 2023 (available at <https://www.thameswater.co.uk/media-library/home/about-us/investors/debt-investors/thames-water-utilities/thames-water-utilities-finance/reports/interim-report-2023-24.pdf>);
- (v) the unaudited interim financial report of TWUL for the financial half year ended 30 September 2023 (available at <https://www.thameswater.co.uk/media-library/home/about-us/investors/our-results/interim-2023-24/TWUL-Interim-Report-HY24.pdf>); and
- (vi) the Deed of Variation to the Bond Trust Deed dated 31 August 2018 (<https://www.thameswater.co.uk/media-library/home/about-us/investors/debt-investors/thames-water-utilities/thames-water-utilities-finance/other-documents/deed-of-variation-to-the-bond-trust-deed-31-08-2018.pdf>) (the “**Deed of Variation**”);
- (vii) the Deed of Amendment to the Bond Trust Deed dated 7 December 2023 (<https://www.thameswater.co.uk/media-library/home/about-us/investors/debt-investors/thames-water-utilities/thames-water-utilities-finance/other-documents/deed-of-amendment-to-the-bond-trust-deeds-dated-june-2015-september-2016-october-2017-April-2020.pdf>) (the “**Deed of Amendment**”).

The TWUL Disclosure and the documents, or sections of documents, referred to above shall be incorporated in and form part of this Prospectus, save that any statement contained in such documents, or sections of a document, which are incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Any documents, which are themselves incorporated by reference in the documents incorporated by reference in this Prospectus, shall not form part of this Prospectus. Where only certain parts of a document are incorporated by reference in this Prospectus, the non-incorporated parts are either not relevant to the investor or are covered elsewhere in this Prospectus. Further, any defined terms used in the TWUL Disclosure shall only be a defined term for the purposes of this Prospectus to the extent that it is not inconsistent with this Prospectus.

The auditors’ report for the audited financial statements of the Issuer and TWUL for the years ended 31 March 2022 and 31 March 2023 can be found at:

- (i) pages 11 to 16 (inclusive), in the case of the audited financial statements of the Issuer for the year ended 31 March 2022;
- (ii) pages 127 to 201 (inclusive), in the case of the audited financial statements of TWUL for the year ended 31 March 2022;
- (iii) pages 11 to 17 (inclusive), in the case of the audited financial statements of the Issuer for the year ended 31 March 2023; and

(iv) pages 113 to 120 (inclusive), in the case of the audited financial statements of TWUL for the year ended 31 March 2023.

Each Obligor will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to any of the Issuer or the other Obligors at Clearwater Court, Vastern Road, Reading, RG1 8DB.

The Issuer will provide, free of charge, upon oral or written request, a copy of this Prospectus (or any document incorporated by reference in this Prospectus) at its registered office.

## **PRESENTATION OF FINANCIAL INFORMATION**

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The audited financial statements of the Issuer and TWUL as at and for the year ended 31 March 2022 and year ended 31 March 2023 have been prepared under International Financial Reporting Standards (“**IFRS**”) as adopted by the UK Endorsement Board.

The audited financial statements of TWH as at and for the years ended 31 March 2022 and 31 March 2023 have been prepared in accordance with the Financial Reporting Standard 101 Reduced Disclosure Framework (“**FRS 101**”).

### **CHAPTER 3 THE TERMS OF THE BONDS**

*The terms of the Series 17 Bonds, the Series 18 Bonds and the Series 19 Bonds are contained in the terms and conditions scheduled to the Bond Trust Deed dated 26 June 2015 relating to the Programme (the “**2015 Terms and Conditions**”). Capitalised terms used in this Chapter 3 “The Terms of the Bonds” which relate to the Series 17 Bonds, the Series 18 Bonds and the Series 19 Bonds shall have the meaning given to them in the 2015 Terms and Conditions.*

*The terms of the Series 20 Bonds, the Series 22 Bonds and the Series 24 Bonds are contained in the terms and conditions scheduled to the Bond Trust Deed dated 16 September 2016 relating to the Programme (the “**2016 Terms and Conditions**”). Capitalised terms used in this Chapter 3 “The Terms of the Bonds” which relate to the Series 20 Bonds, the Series 22 Bonds and the Series 24 Bonds shall have the meaning given to them in the 2016 Terms and Conditions.*

*The terms of the Series 25 Bonds are contained in the term and conditions scheduled to the Bond Trust Deed dated 10 October 2017 relating to the Programme (the “**2017 Terms and Conditions**”). Capitalised terms used in this Chapter 3 “The Terms of the Bonds” which relate to the Series 25 Bonds shall have the meaning given to them in 2017 Terms and Conditions.*

*The terms of the Series 26 Bonds, the Series 27 Bonds, the Series 30 Bonds and the Series 31 Bonds are contained in the term and conditions contained in scheduled to the Bond Trust Deed dated 2 April 2020 relating to the Programme (the “**2020 Terms and Conditions**” and together with the 2015 Terms and Conditions, the 2016 Terms and Conditions and the 2017 Terms and Conditions, the “**Terms and Conditions**”). Capitalised terms used in this Chapter 3 “The Terms of the Bonds” which relate to the Series 26 Bonds, the Series 27 Bonds, the Series 30 Bonds and the Series 31 Bonds shall have the meaning given to them in the prospectus dated 2 April 2020.*

*The Bondholders have rights and obligations in relation to the Bonds under the applicable Terms and Conditions and Bond Trust Deed and will need to exercise those rights or perform those obligations pursuant to the relevant Terms and Conditions and the relevant Bond Trust Deed.*

*The Bonds are constituted by the relevant Bond Trust Deed. These terms include summaries of, and are subject to, the detailed provisions of the relevant Bond Trust Deed, which includes the form of the Bonds referred to below.*

*The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the applicable Terms and Conditions and the relevant Bond Trust Deed.*

*Each of the Terms and Conditions shall be read as amended pursuant to the Deed of Variation and the Deed of Amendment.*



## **PART A – PRINCIPAL TERMS OF THE BONDS**

### **1 Terms and Conditions of the Series 17 Bonds, the Series 18 Bonds and the Series 19 Bonds (as amended by the Deed of Variation and the Deed of Amendment)**

*[See overleaf]*

## CHAPTER 8 THE BONDS

### Terms and Conditions of the Bonds

*The following is the text of the terms and conditions which (subject to completion in accordance with the provisions of the relevant Final Terms or completion in accordance with the provisions of the relevant Drawdown Prospectus (as defined below) and, save for the italicised paragraphs) will be incorporated into each Global Bond (as defined below) representing Bonds (as defined below) in bearer form, Bonds in definitive form (if any) issued in exchange for the Global Bond(s) representing Bonds in bearer form, each Global Bond Certificate (as defined below) representing Bonds in registered form and each Individual Bond Certificate (as defined below) representing Bonds in registered form (only if such incorporation is permitted by the rules of the relevant stock exchange and agreed by the Issuer). If such incorporation is not so permitted and agreed, each Bond in bearer form and each Individual Bond Certificate representing Bonds in registered form will have endorsed thereon or attached thereto such text (as so completed, amended, varied or supplemented). Further information with respect to each Tranche (as defined below) of Bonds will be given in the relevant Final Terms or Drawdown Prospectus which will provide for those aspects of these Conditions which are applicable to such Tranche (as defined below) of Bonds, including, in the case of Wrapped Bonds (as defined below), the form of Financial Guarantee (as defined below) and endorsement and, in the case of all Sub-Classes (as defined below), the terms of the relevant advance under the relevant Issuer/TWUL Loan Agreement. If a Financial Guarantor (as defined below) is appointed in relation to any Sub-Class of Wrapped Bonds (as specified in the relevant Drawdown Prospectus) a supplement to this Prospectus will be produced providing such information about such Financial Guarantor as may be required by the rules of the Irish Stock Exchange on which such Bonds are admitted to listing and/or trading. References in the Conditions to “Bonds” are, as the context requires, references to the Bonds of one Sub-Class only, not to all Bonds which may be issued under the Programme.*

Thames Water Utilities Cayman Finance Limited (the “Issuer”) has established a guaranteed bond programme (the “Programme”) for the issuance of up to £10,000,000,000 guaranteed bonds (the “Bonds”). Bonds issued under the Programme on a particular Issue Date comprise a Series (a “Series”), and each Series comprises one or more Classes of Bonds (each a “Class”). Each Class may comprise one or more sub-classes (each a “Sub-Class”) and each Sub-Class comprising one or more tranches (each a “Tranche”).

Certain of the Bonds will be subject to a Financial Guarantee and will be designated as “Class A Wrapped Bonds” or “Class B Wrapped Bonds”. The Bonds which are not subject to a Financial Guarantee will be designated as “Class A Unwrapped Bonds” (and, together with the Class A Wrapped Bonds, the “Class A Bonds”) or “Class B Unwrapped Bonds” (and, together with the Class B Wrapped Bonds, the “Class B Bonds”). Each Sub-Class will be denominated in different currencies or will have different interest rates, maturity dates or other terms. Bonds of any Class may be zero coupon bonds (“Zero Coupon Bonds”), fixed rate bonds (“Fixed Rate Bonds”), floating rate bonds (“Floating Rate Bonds”), index-linked bonds (“Indexed Bonds”), dual currency bonds (“Dual Currency Bonds”) or instalment bonds (“Instalment Bonds”) depending on the method of calculating interest payable in respect of such Bonds and may be denominated in sterling, euro, U.S. dollars or in other currencies subject to compliance with applicable law.

The terms and conditions applicable to any particular Sub-Class of Bonds are these terms and conditions (“Conditions”) as supplemented, amended and/or replaced by a set of final terms in relation to such Sub-Class (a “Final Terms”) or a drawdown prospectus (a “Drawdown Prospectus”). In the event of any inconsistency between these Conditions and the relevant Final Terms or Drawdown Prospectus, the relevant Final Terms or Drawdown Prospectus (as applicable) shall prevail.

The Final Terms or Drawdown Prospectus for the Bonds (or the relevant provisions thereof) supplements these Conditions and a Drawdown Prospectus may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of the Bonds. Reference to “Final Terms” or “Drawdown Prospectus” is to the Final Terms or, as the case may be, Drawdown Prospectus (or the relevant provisions thereof) applicable to the Bonds.

The Bonds are subject to and have the benefit of a trust deed dated the Initial Issue Date (as defined below) (as amended, supplemented, restated and/or novated from time to time, the “Bond Trust Deed”) between the Issuer, any Financial Guarantor (as defined below) acceding thereto and Deutsche Trustee Company Limited as trustee (the “Bond Trustee”, which expression includes the trustee or trustees for the time being of the Bond Trust Deed).

The Class A Wrapped Bonds and the Class B Wrapped Bonds (each “Wrapped Bonds”) alone will be unconditionally and irrevocably guaranteed as to scheduled payments of principal and interest (as adjusted for indexation, as applicable, but excluding any additional amounts relating to premium, prepayment or acceleration, accelerated amounts and amounts (if any), in the case of Fixed Rate Bonds or Indexed Bonds (other than deferred interest), representing step-up fees at a rate specified in the relevant Drawdown Prospectus in excess of the initial Coupons on such Sub-Class as at the relevant Issue Date (as defined in Condition 6(m) (*Definitions*)), and, in the case of Floating Rate Bonds, representing step-up fees at a rate specified in the relevant Drawdown Prospectus in excess of the initial Margin on the Coupons on such Sub-Class as at the relevant Issue Date (as defined in Condition 6(m) (*Definitions*)) (in each case, the “Subordinated Step-up Fee Amounts”), all such amounts being the “FG Excepted Amounts”) pursuant to a financial guarantee (each, a “Financial Guarantee”) to be issued by financial guarantors (each a “Financial Guarantor”) in conjunction with the issue of each Sub-Class of Bonds.

Neither of the Class A Unwrapped Bonds or the Class B Unwrapped Bonds (each “Unwrapped Bonds”) will have the benefit of any such Financial Guarantee.

The Bonds have the benefit (to the extent applicable) of an agency agreement (as amended, supplemented and/or restated from time to time, the “Agency Agreement”) dated the Initial Issue Date (to which the Issuer, the Bond Trustee, the Principal Paying Agent and the other Paying Agents (in the case of Bearer Bonds) or the Transfer Agents and the Registrar (in the case of Registered Bonds) are party). As used herein, each of “Principal Paying Agent”, “Paying Agents”, “Agent Bank”, “Transfer Agents” and/or “Registrar” means, in relation to the Bonds, the persons specified in the Agency Agreement as the Principal Paying Agent, Paying Agents, Agent Bank, Transfer Agents and/or Registrar, respectively, and, in each case, any successor to such person in such capacity. The Bonds may also have the benefit (to the extent applicable) of a calculation agency agreement (in the form or substantially in the form of Schedule 1 to the Agency Agreement, the “Calculation Agency Agreement”) between, *inter alios*, the Issuer and any calculation agent appointed by the Issuer as calculation agent (the “Calculation Agent”).

On 30 August 2007 (the “Initial Issue Date”), the Issuer entered into a security agreement (the “Security Agreement”) with Deutsche Trustee Company Limited as security trustee (the “Security Trustee”), pursuant to which the Issuer granted certain fixed and floating charge security (the “Issuer Security”) to the Security Trustee for itself and on behalf of the Bond Trustee (for itself and on behalf of the Bondholders), the Bondholders, each TWUF Bond Trustee (for itself and on behalf of the relevant Secured TWUF Bondholders), the Secured TWUF Bondholders, each Financial Guarantor, the Issuer, TWUF, each Liquidity Facility Provider, any Liquidity Facility Arrangers, each Finance Lessor, the Hedge Counterparties, the Liquidity Facility Agents, the Initial Credit Facility Agent, the Initial Credit Facility Providers, each Authorised Credit Provider (as defined below), each Agent, the Account Bank, the Cash Manager (other than when the Cash Manager is TWUL), the Standstill Cash Manager and any Additional Secured Creditors (each as defined therein) (together with the Security Trustee, the “Secured Creditors”). On the Initial Issue Date, the Issuer entered into a Security Trust and Intercreditor Deed (the “STID”) with, among others, the Security Trustee, other Secured Creditors and certain Secondary Market Guarantors and pursuant to which the Security Trustee holds the Security on trust for itself and the other Secured Creditors and the Secured Creditors and the Secondary Market Guarantors agree to certain intercreditor arrangements.

The Issuer entered into a dealership agreement dated 24 August 2007 (as amended, supplemented and/or restated from time to time, the “Dealership Agreement”) with the dealers named therein (the “Dealers”) in respect of the Programme, pursuant to which any of the Dealers may enter into a subscription agreement in relation to each Sub-Class of Bonds issued by the Issuer, and pursuant to which the Dealers have agreed to subscribe for the relevant Sub-Class of Bonds. In any subscription agreement relating to a Sub-Class of Bonds, any of the Dealers may agree to procure subscribers to subscribe for the relevant Sub-Class of Bonds.

On the Initial Issue Date, the Issuer entered into a Common Terms Agreement (the “Common Terms Agreement”) with, among others, the Security Trustee, pursuant to which the Issuer makes certain representations, warranties and covenants and which sets out in Schedule 7 thereof the Events of Default (as defined therein) in relation to the Bonds.

The Issuer has entered or may enter into liquidity facility agreements (together, the “Liquidity Facility Agreements”) with certain liquidity facility providers (together, the “Liquidity Facility Providers”) pursuant to which the Liquidity Facility Providers agree to make certain facilities available to meet liquidity shortfalls (including debt service liquidity shortfalls and shortfalls in operating and maintenance expenditure of TWUL).

The Issuer has entered or may enter into certain revolving credit facilities (together, the “Authorised Credit Facilities”) with certain lenders (the “Authorised Credit Providers”), pursuant to which the Authorised Credit Providers agree to make certain facilities available to the Issuer for the purpose of funding certain working capital, capital expenditure and other expenses of the TWU Financing Group.

TWUL and/or the Issuer and/or TWUF may enter into certain currency, index linked and interest rate hedging agreements (together, the “Hedging Agreements”) with certain hedge counterparties (together the “Hedge Counterparties”) in respect of certain Sub-Classes of Bonds and Authorised Credit Facilities, pursuant to which the Issuer, TWUF or TWUL, as the case may be, hedges certain of its currency, index linked and interest rate obligations.

The Bond Trust Deed, the Bonds (including the applicable Final Terms) or Drawdown Prospectus, the Secured TWUF Bond Trust Deeds, the Secured TWUF Bonds (including the applicable final terms), the Security Agreement, the STID, (the STID, the Security Agreement and any other documentation evidencing or creating security over any asset of an Obligor to a Secured Creditor under the Finance Documents being together the “Security Documents”), the Financial Guarantee Fee Letters, the Finance Lease Documents, the Agency Agreement, the Liquidity Facility Agreements, the Hedging Agreements, the Initial Credit Facility Agreement, the Issuer/TWUL Loan Agreements, the TWUF/TWUL Loan Agreements, the TWUL/TWH Loan Agreement, the G&R Deeds, the Financial Guarantees, the CTA, the CP Agreement, the Existing Authorised Credit Finance Contracts, any other Authorised Credit Facilities, the master definitions agreement between, among others, the Issuer and the Security Trustee dated the Initial Issue Date (as amended, supplemented and/or restated from time to time, the “Master Definitions Agreement”), the account bank agreement between, among others, the account bank, the Issuer and the Security Trustee (the “Account Bank Agreement”), the Tax Deed of Covenant, any indemnification deed between, among others, a Financial Guarantor and the Dealers (an “Indemnification Deed”) and any related security document (each, if not defined above, as defined below or in the Master Definitions Agreement) are, in relation to the Bonds, (and together with each other agreement or instrument between TWUL or the Issuer (as applicable) and an Additional Secured Creditor designated as a Finance Document by TWUL or the Issuer (as applicable), the Security Trustee and such Additional Secured Creditor in the Accession Memorandum of such Additional Secured Creditor) together referred to as the “Finance Documents”.

Terms not defined in these Conditions have the meaning set out in the Master Definitions Agreement.

Certain statements in these Conditions are summaries of the detailed provisions appearing on the face of the Bonds (which expression shall include the body thereof), in the relevant Final Terms or Drawdown Prospectus or in the Bond Trust Deed, the Security Agreement or the STID. Copies of, *inter alia*, the Finance Documents are available

for inspection during normal business hours at the specified offices of the Principal Paying Agent (in the case of bearer Bonds) or the specified offices of the Transfer Agents and the Registrar (in the case of registered Bonds).

The Bondholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Bond Trust Deed, the STID, the Security Agreement, the CTA and the relevant Final Terms or Drawdown Prospectus and to have notice of those provisions of the Agency Agreement and the other Finance Documents applicable to them.

Any reference in these conditions to a matter being “specified” means as the same may be specified in the relevant Final Terms or Drawdown Prospectus.

## **1 Form, Denomination and Title**

### *(a) Form and Denomination*

The Bonds are in bearer form (“Bearer Bonds”) or in registered form (“Registered Bonds”) as specified in the applicable Final Terms or Drawdown Prospectus and, serially numbered in the Specified Denomination(s) provided that in the case of any Bonds which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Bonds). Bonds of one Specified Denomination may not be exchanged for Bonds of another Specified Denomination and Registered Bonds may not be exchanged for Bearer Bonds and *vice versa*. References in these Conditions to “Bonds” include Bearer Bonds and Registered Bonds and all Sub-Classes, Classes, Tranches and Series.

Interest-bearing Bearer Bonds are issued with Coupons (as defined below) (and, where appropriate, a Talon, (as defined below)) attached. After all the Coupons attached to, or issued in respect of, any Bearer Bond which was issued with a Talon have matured, a coupon sheet comprising further Coupons (other than Coupons which would be void) and (if necessary) one further Talon will be issued against presentation of the relevant Talon at the specified office of any Paying Agent. Any Bearer Bond the principal amount of which is redeemable in instalments may be issued with one or more Receipts (as defined below) (and, where appropriate, a Talon) attached thereto. After all the Receipts attached to, or issued in respect of, any Instalment Bond which was issued with a Talon have matured, a receipt sheet comprising further Receipts (other than Receipts which would be void) and (if necessary) a further Talon will be issued against presentation of the relevant Talon at the specified office of any Paying Agent.

### *(b) Title*

Title to Bearer Bonds, Coupons, Receipts and Talons (if any) passes by delivery. Title to Registered Bonds passes by registration in the register (the “Register”), which the Issuer shall procure to be kept by the Registrar.

In these Conditions, subject as provided below, each “Bondholder” (in relation to a Bond, Coupon, Receipt or Talon), “holder” and “Holder” means (i) in relation to a Bearer Bond, the bearer of any Bearer Bond, Coupon, Receipt or Talon (as the case may be) and (ii) in relation to Registered Bond, the person in whose name a Registered Bond is registered, as the case may be. The expressions “Bondholder”, “holder” and “Holder” include the holders of instalment receipts (which, in relation to Class A Bonds will be “Class A Receipts”, in relation to Class B Bonds, “Class B Receipts” and together, the “Receipts”), appertaining to the payment of principal by instalments (if any) attached to such Bonds in bearer form (the “Receiptholders”), the holders of the coupons (which, in relation to Class A Bonds will be “Class A Coupons”, in relation to Class B Bonds, “Class B Coupons” and

together, the “Coupons”) (if any) appertaining to interest bearing Bonds in bearer form (the “Couponholders”), and the expression Couponholders or Receiptholders includes the holders of talons in relation to Coupons or Receipts as applicable, (which, in relation to Class A Bonds will be “Class A Talons”, in relation to Class B Bonds, “Class B Talons” and together, the “Talons”) (if any) for further coupons or receipts, as applicable attached to such Bonds (the “Talonholders”).

The bearer of any Bearer Bond, Coupon, Receipt or Talon and the registered holder of any Registered Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the relevant Bond, or its theft or loss or any express or constructive notice of any claim by any other person of any interest therein other than, in the case of a Registered Bond, a duly executed transfer of such Bond in the form endorsed on the Bond Certificate in respect thereof) and no person will be liable for so treating the holder.

Bonds which are represented by a Global Bond or Global Bond Certificate 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 Drawdown Prospectus or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Bond Trustee.

(c) *Fungible Issues of Bonds comprising a Sub-Class*

A Sub-Class of Bonds may comprise a number of issues in addition to the initial Tranche of such Sub-Class, each of which will be issued on identical terms save for the first Interest Payment Date, the Issue Date and the Issue Price. Such further issues of the same Sub-Class will be consolidated and form a Series with the prior issues of that Sub-Class.

## **2 Exchanges of Bearer Bonds for Registered Bonds and Transfers of Registered Bonds**

(a) *Exchange of Bonds*

Subject to Condition 2(e) (*Closed Periods*), Bearer Bonds may, if so specified in the relevant Final Terms or Drawdown Prospectus, be exchanged at the expense of the transferor Bondholder for the same aggregate principal amount of Registered Bonds at the request in writing of the relevant Bondholder and upon surrender of the Bearer Bond to be exchanged together with all unmatured Coupons, Receipts and Talons (if any) relating to it at the specified office of the Registrar or any Transfer Agent or Paying Agent. Where, however, a Bearer Bond is surrendered for exchange after the Record Date (as defined below) for any payment of interest or Interest Amount (as defined below), the Coupon in respect of that payment of interest or Interest Amount need not be surrendered with it.

Registered Bonds may not be exchanged for Bearer Bonds.

(b) *Transfer of Registered Bonds*

A Registered Bond may be transferred upon the surrender of the relevant Individual Bond Certificate, together with the form of transfer endorsed on it duly completed and executed, at the specified office of any Transfer Agent or the Registrar. However, a Registered Bond may not be transferred unless (i) the principal amount of Registered Bonds proposed to be transferred; and (ii) the principal amount of the Registered Bonds proposed to be the principal amount of the balance of Registered Bonds to be retained by the relevant transferor are, in each case, Specified Denominations (as specified in the relevant Final Terms or Drawdown Prospectus). In the case of a transfer of part only of a holding of

Registered Bonds represented by an Individual Bond Certificate, a new Individual Bond Certificate in respect of the balance not transferred will be issued to the transferor within three business days (in the place of the specified office of the Transfer Agent or the Registrar) of receipt of such form of transfer.

(c) *Delivery of New Individual Bond Certificates*

Each new Individual Bond Certificate to be issued upon exchange of Bearer Bonds or transfer of Registered Bonds will, within three business days (in the place of the specified office of the Transfer Agent or the Registrar) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or the Registrar stipulated in the request for exchange or form of transfer, or be mailed at the risk of the Bondholder entitled to the Individual Bond Certificate to such address as may be specified in such request or form of transfer. For these purposes, a form of transfer or request for exchange received by the Registrar after the Record Date (as defined below) in respect of any payment due in respect of Registered Bonds shall be deemed not to be effectively received by the Registrar until the business day (as defined below) following the due date for such payment.

(d) *Exchange at the Expense of Transferor Bondholder*

Registration of Bonds on exchange or transfer will be effected at the expense of the transferor Bondholder by or on behalf of the Issuer, the Transfer Agent or the Registrar, and upon payment of (or the giving of such indemnity as the Transfer Agent or the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.

(e) *Closed Periods*

No transfer of a Registered Bond may be registered, nor any exchange of a Bearer Bond for a Registered Bond may occur during the period of 15 days ending on the due date for any payment of principal, interest, Interest Amount (as defined below) or Redemption Amount (as defined below) on that Bond.

### **3 Status of Bonds and Financial Guarantee**

(a) *Status of Class A Bonds*

This Condition 3(a) is applicable only in relation to Bonds which are specified as being a Sub-Class of Class A Bonds.

The Class A Bonds, Class A Coupons, Class A Talons and Class A Receipts (if any) are direct and unconditional obligations of the Issuer, are secured in the manner described in Condition 4 (*Security, Priority and Relationship with Secured Creditors*) and rank *pari passu* without any preference among themselves. However, the Class A Unwrapped Bonds will not have the benefit of any Financial Guarantee.

(b) *Status of Class B Bonds*

This Condition 3(b) is applicable only in relation to Bonds which are specified as being a Sub-Class of Class B Bonds.

The Class B Bonds, Class B Coupons, Class B Talons and Class B Receipts (if any) are direct and unconditional obligations of the Issuer, are secured in the manner described in Condition 4 (*Security, Priority and Relationship with Secured Creditors*), are subordinated to the Class A Bonds, Class A Coupons, Class A Receipts and Class A Talons (if any) and rank *pari passu* without any preference

among themselves. However, the Class B Unwrapped Bonds will not have the benefit of any Financial Guarantee.

(c) *Financial Guarantee Issued by Financial Guarantor*

This Condition 3(c) is applicable only in relation to Bonds which are specified as being a Sub-Class of Wrapped Bonds (which may only be issued by way of Drawdown Prospectus).

Each Sub-Class of each Class of Wrapped Bonds will have the benefit of a Financial Guarantee issued by a Financial Guarantor, issued pursuant to a guarantee and reimbursement deed between, amongst others, the Issuer and a Financial Guarantor dated on or before the relevant Issue Date (as defined below) of such Bonds (each a "G&R Deed"). Under the relevant Financial Guarantee, the relevant Financial Guarantor unconditionally and irrevocably agrees to pay to the Bond Trustee all sums due and payable but unpaid by the Issuer in respect of scheduled interest and payment of principal (but excluding FG Excepted Amounts) on such Wrapped Bonds, all as more particularly described in the relevant Financial Guarantee.

The terms of the relevant Financial Guarantee provide that amounts of principal on any such Bonds which have become immediately due and payable (whether by virtue of acceleration, prepayment or otherwise) other than on the relevant Payment Date (as defined under the Financial Guarantee) will not be treated as Guaranteed Amounts (as defined in the Financial Guarantee) which are Due for Payment (as defined in the Financial Guarantee) under the Financial Guarantee unless the Financial Guarantor in its sole discretion elects so to do by notice in writing to the Bond Trustee. The Financial Guarantor may elect to accelerate payments due under the Financial Guarantee in full or in part. All payments made by the relevant Financial Guarantor under the relevant Financial Guarantee in respect of partial acceleration shall be applied (i) to pay the Interest (as defined in the relevant Financial Guarantee) accrued but unpaid on the Principal (as defined in the relevant Financial Guarantee) of such part of the accelerated payment; and (ii) to reduce the Principal (as defined in the relevant Financial Guarantee) (or, in the case of Wrapped Bonds repayable in instalments, each principal repayment instalment on a pro rata basis with a corresponding reduction of each amount of the Interest (as determined in the Financial Guarantee)) outstanding under the relevant Sub-Classes of Wrapped Bonds. If no such election is made, the Financial Guarantor will continue to be liable to make payments in respect of the Bonds pursuant to the relevant Financial Guarantee on the dates on which such payments would have been required to be made if such amounts had not become immediately due and payable.

To the extent that the early redemption price of any Bonds exceeds the aggregate of the Principal Amount Outstanding of and any accrued interest outstanding on any such Bonds to be redeemed (each as adjusted for indexation in accordance with Condition 7(b) (Application of the Index Ratio), if applicable), payment of such early redemption price will not be guaranteed by the Financial Guarantor under the relevant Financial Guarantee.

(d) *Status of Financial Guarantee*

This Condition 3(d) is applicable only in relation to Bonds which are specified as being a Sub-Class of Wrapped Bonds (which may only be issued by way of Drawdown Prospectus).

The relevant Financial Guarantee provided by the Financial Guarantor in respect of the Bonds will constitute a direct, unsecured obligation of the Financial Guarantor which will rank at least *pari passu* with all other unsecured obligations of such Financial Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.



(e) *Security Trustee not responsible for monitoring compliance*

Subject to certain exceptions, when granting any consent or waiver or exercising any power, trust, authority or discretion relating to or contained in the STID, the other Finance Documents or any Ancillary Documents, the Security Trustee will act in accordance with its sole discretion (where granted such right) or as directed, requested or instructed by or subject to the agreement of the Majority Creditors or, in particular cases, other specified parties and in accordance with the provisions of the STID.

The Security Trustee shall not be responsible for monitoring compliance by TWUL with any of its obligations under the Finance Documents to which it is a party except by means of receipt from TWUL of certificates of compliance which TWUL has covenanted to deliver to the Security Trustee pursuant to the provisions of the CTA and which will state among other things, that no Default is outstanding. The Security Trustee shall be entitled to rely on certificates absolutely unless it is instructed otherwise by the Majority Creditors in which case it will be bound to act on such instructions in accordance with the STID. The Security Trustee is not responsible for monitoring compliance by any of the parties with their respective obligations under the Finance Documents. The Security Trustee may call for and is at liberty to accept as sufficient evidence a certificate signed by any two Authorised Signatories of any Obligor or any other party to any Finance Document to the effect that any particular dealing, transaction, step or thing is in the opinion of the persons so certifying suitable or expedient or as to any other fact or matter upon which the Security Trustee may require to be satisfied. The Security Trustee is in no way bound to call for further evidence or be responsible for any loss that may be occasioned by acting on any such certificate although the same may contain some error or is not authentic. The Security Trustee is entitled to rely upon any certificate believed by it to be genuine and will not be liable for so acting.

All Bondholders shall (on providing sufficient evidence of identity) be entitled to view a copy of the Periodic Information as and when available to the Security Trustee pursuant to the terms of the CTA and to view a copy of the unaudited interim accounts and audited annual accounts of TWUL within 90 days of 30 September and 180 days of 31 March of each year, respectively.

In addition, each Guarantor has covenanted to provide the Security Trustee with certain additional information (as set out in Schedule 5, Part 1 “Information Covenants” of the CTA). Such information may be published on a website designated by the relevant Guarantor and the Security Trustee.

In the event the relevant website cannot be accessed for technical reasons or is non-operational or is infected by an electronic virus or function software for a period of five consecutive days, all such information set out above which would otherwise be available will be delivered to the Security Trustee in paper form for onward delivery to the Bond Trustee and the Agents. Copies of such information will be available for inspection at the specified office of the Agents and the Bond Trustee.

#### **4 Security, Priority and Relationship with Secured Creditors**

(a) *Guarantee and Security*

Under the Security Agreement, Thames Water Utilities Holdings Limited (“TWH”) guarantees the obligations of each other Obligor under the Finance Documents and TWUL, TWUF, TWUCFH and the Issuer will guarantee the obligations of each other under the Finance Documents, in each case to the Security Trustee for itself and on behalf of the Secured Creditors (including, without limitation, the Bond Trustee for itself and on behalf of the Bondholders) and secures such obligations upon the whole of its property, undertaking, rights and assets, subject to certain specified exceptions and, in the case of

TWUL, to the terms of the Instrument of Appointment (as defined below) and any requirements thereunder or the Act (as defined below). There is no intention to create further security for the benefit of the holders of Bonds issued after the Initial Issue Date. All Bonds issued by the Issuer under the Programme and any additional creditor of the Issuer acceding to the STID will share in the security (the “Security”) constituted by the Security Documents.

In these Conditions:

the “Act” means the United Kingdom Water Industry Act 1991 (as amended); and “Instrument of Appointment” means the instrument of appointment dated 1989 as amended under which the Secretary of State for the Environment appointed TWUL as a water and sewerage undertaker under the Act for the areas described in the Instrument of Appointment, as modified or amended from time to time.

“Obligors” means TWUL, TWUF, TWH, TWUCFH and the Issuer.

(b) *Relationship among Bondholders and with other Secured Creditors*

The Bond Trust Deed contains provisions detailing the Bond Trustee’s obligations to consider the interests of the Bondholders as regards all powers, trusts and authorities, duties and discretions of the Bond Trustee (except where expressly provided or otherwise referred to in Condition 16 (*Bond Trustee Protections*)).

The STID provides that the Security Trustee (except in relation to its Reserved Matters and Entrenched Rights and subject to certain exceptions) will act on instructions of the Majority Creditors (including the Bond Trustee as trustee for and representative of the holders of each Sub-Class of Wrapped Bonds (following the occurrence of an FG Event of Default in respect of the Financial Guarantor of such Wrapped Bonds which is continuing) and the holders of Unwrapped Bonds) and, when so doing, the Security Trustee is not required to have regard to the interests of any Secured Creditor (including the Bond Trustee as trustee for and representative of the Bondholders or any individual Bondholder) in relation to the exercise of such rights and, consequently, has no liability to the Bondholders as a consequence of so acting.

(c) *Enforceable Security*

In the event of the Security becoming enforceable as provided in the STID, the Security Trustee shall, if instructed by the Majority Creditors, enforce its rights with respect to the Security, but without any liability as to the consequence of such action and without having regard to the effect thereof on, or being required to account for such action to, any particular Bondholder, provided that the Security Trustee shall not be obliged to take any action unless it is indemnified and/or secured to its satisfaction.

(d) *Application After Enforcement*

After enforcement of the Security, the Security Trustee shall (to the extent that such funds are available) use funds standing to the credit of the Accounts (other than the Excluded Accounts) to make payments in accordance with the Payment Priorities (as set out in the CTA).

(e) *Bond Trustee and Security Trustee not liable for security*

The Bond Trustee and the Security Trustee will not be liable for any failure to make the usual investigations or any investigations which might be made by a security holder in relation to the property which is the subject of the Security, and shall not be bound to enquire into or be liable for any defect or failure in the right or title of the relevant Obligor to the Security, whether such defect or failure was known to the Bond Trustee or the Security Trustee or might have been discovered upon

examination or enquiry or whether capable of remedy or not, nor will it have any liability for the enforceability of the Security created under the Security Documents whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting such Security. The Bond Trustee and the Security Trustee have no responsibility for the value of any such Security.

## 5 Issuer Covenants

So long as any of the Bonds remain Outstanding, the Issuer has agreed to comply with the covenants as set out in Schedule 4 of the CTA.

The Bond Trustee shall be entitled to rely absolutely on a certificate of any director of the Issuer in relation to any matter relating to such covenants and to accept without liability any such certificate as sufficient evidence of the relevant fact or matter stated in such certificate.

## 6 Interest and other calculations

### (a) *Interest on Fixed Rate Bonds and Indexed Bonds*

This Condition 6(a) is applicable only if the relevant Final Terms or Drawdown Prospectus specifies the Bonds as Fixed Rate Bonds or Indexed Bonds.

Each Fixed Rate Bond and Indexed Bond bears interest on its Principal Amount Outstanding and, if it is an Indexed Bond, adjusted for indexation in accordance with Condition 7 (*Indexation*)) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Interest Rate(s). Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

For the avoidance of doubt, the amount of interest payable in respect of each Bond shall be the amount of interest payable per Calculation Amount multiplied by the Principal Amount Outstanding of such Bond and divided by the Calculation Amount and rounding the resultant figure to the nearest unit of the Relevant Currency in accordance with Condition 6(e) (*Rounding*).

The amount of interest payable per Calculation Amount in respect of any Bond for any Fixed Interest Period shall be equal to the product of the Interest Rate, the Calculation Amount specified, and the Day Count Fraction for such Fixed Interest Period and rounding the resultant figure to the nearest unit of the Relevant Currency in accordance with Condition 6(e) (*Rounding*), unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Period, in which case the amount of interest payable per Calculation Amount in respect of such Bond for such Fixed Interest Period shall equal such Interest Amount (or be calculated in accordance with such formula).

Where any Interest Period comprises two or more Fixed Interest Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Fixed Interest Periods.

As used in these 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.

If interest is required to be calculated for a period other than a Fixed Interest Period or if no Fixed Coupon Amount is specified in the applicable Final Terms or Drawdown Prospectus, such interest payable per Calculation Amount shall be calculated (i) in the case of Bonds other than Indexed Bonds, by applying the Interest Rate to the Calculation Amount specified, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest unit of the Relevant

Currency in accordance with Condition 6(e) (*Rounding*) and (ii) in the case of Indexed Bonds, on an Actual/Actual basis.

(b) *Interest on Floating Rate Bonds*

This Condition 6(b) is applicable only if the relevant Final Terms or Drawdown Prospectus specifies the Bonds as Floating Rate Bonds.

(i) *Interest Payment Dates*

Each Floating Rate Bond bears interest on its Principal Amount Outstanding 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 Drawdown Prospectus; or
- (B) if no Specified Interest Payment Date(s) is/are expressly specified in the applicable Final Terms or Drawdown Prospectus, 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 or Drawdown Prospectus 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.

For the avoidance of doubt, the amount of interest payable in respect of each Bond shall be the amount of interest payable per Calculation Amount multiplied by the Principal Amount Outstanding of such Bond and divided by the Calculation Amount and rounding the resultant figure to the nearest unit of the Relevant Currency in accordance with Condition 6(e) (*Rounding*).

(ii) *Interest Rate(s)*

The Interest Rate(s) payable from time to time in respect of the Floating Rate Bonds will be determined in the manner specified herein and the provisions below relating to either Screen Rate Determination or ISDA Determination, depending upon which is specified in the applicable Final Terms or Drawdown Prospectus.

- (A) If “Screen Rate Determination” is specified in the relevant Final Terms or Drawdown Prospectus as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the Bonds for each Interest Period will be determined by the Agent Bank (or the Calculation Agent, if applicable) on the following basis:
  - (1) if the Page (as defined below) displays a rate which is a composite quotation or customarily supplied by one entity, the Agent Bank (or the Calculation Agent, if applicable) will determine the Relevant Rate (as defined in Condition 6(m) (*Definitions*)), being either EURIBOR or LIBOR, as specified in the applicable Final Terms or Drawdown Prospectus);
  - (2) in any other case, the Agent Bank (or the Calculation Agent, if applicable) will determine the arithmetic mean of the Relevant Rates (as defined in Condition 6(m) (*Definitions*)) which appear on the Page as of the Relevant Time (as defined in Condition 6(m) (*Definitions*)) on the relevant Interest Determination Date;

- (3) if, in the case of (i) above, such rate does not appear on that Page or, in the case of (ii) above, fewer than two such rates appear on that Page or if, in either case, the Page is unavailable, the Agent Bank (or the Calculation Agent, if applicable) will:
- (A) request the principal Relevant Financial Centre office of each of the Reference Banks (as defined in Condition 6(m) (*Definitions*)) to provide a quotation of the Relevant Rate at approximately the Relevant Time on the relevant Interest Determination Date to prime banks in the Relevant Financial Centre (as defined in Condition 6(m) (*Definitions*)) interbank market (or, if appropriate, money market) in an amount that is representative for a single transaction in that market at that time; and
  - (B) determine the arithmetic mean of such quotations; and
- (4) if fewer than two such quotations are provided as requested in Condition 6(b)(iii), the Agent Bank (or the Calculation Agent, if applicable) will determine the arithmetic mean of the rates (being the rates nearest to the Relevant Rate as determined by the Agent Bank (or the Calculation Agent, if applicable)) quoted by the Reference Banks at approximately 11.00 a.m. (local time in the Relevant Financial Centre of the Relevant Currency) on the first day of the relevant Interest Period (as defined in Condition 6(m) (*Definitions*)) for loans in the Relevant Currency to leading European banks for a period equal to the relevant Interest Period and in the Representative Amount (as defined in Condition 6(m) (*Definitions*)),

and the Interest Rate for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined. However, if the Agent Bank is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Interest Rate applicable to the Bonds during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Bonds in respect of a preceding Interest Period.

- (B) If “ISDA Determination” is specified in the relevant Final Terms or Drawdown Prospectus as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate(s) applicable to the Bonds for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Agent Bank (or the Calculation Agent, if applicable) under an interest rate swap transaction if the Agent Bank (or the Calculation Agent, if applicable) were acting as calculation agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (1) Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms or Drawdown Prospectus;
  - (2) the Designated Maturity (as defined in the ISDA Definitions) is the Specified Duration (as defined in Condition 6(m) (*Definitions*)); and
  - (3) the relevant Reset Date (as defined in the ISDA Definitions) is either (1) if the relevant Floating Rate Option is based on LIBOR for a currency, the first day of

that Interest Period, (2) if the relevant Floating Rate Option is based on EURIBOR, the first day of that Interest Period or (3) in any other case, as specified in the relevant Final Terms or Drawdown Prospectus.

(iii) *Calculations*

The amount of interest payable in respect of any Floating Rate Bond for each Interest Period shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount specified by the Day Count Fraction (as defined in Condition 6(m)(*Definitions*)) and rounding the resultant figure to the nearest unit of the Relevant Currency (rounded in accordance with Condition 6(e) (*Rounding*)).

(c) *Interest on Dual Currency Bonds*

The rate or amount of interest payable in respect of Dual Currency Bonds (other than Dual Currency Bonds which are Zero Coupon Bonds) shall be determined in the manner specified in the applicable Final Terms.

(d) *Minimum Interest Rate and/or Maximum Interest Rate*

If any Maximum Interest Rate or Minimum Interest Rate is specified in the relevant Final Terms or Drawdown Prospectus, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified, as the case may be.

(e) *Rounding*

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified):

- (i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up);
- (ii) all figures will be rounded to seven significant figures (with halves being rounded up); and
- (iii) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes, “unit” means, with respect to any currency other than euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to euro, means 0.01 euro.

(f) *Business Day Convention*

If any date referred to in these Conditions or the relevant Final Terms or Drawdown Prospectus is specified to be subject to adjustment in accordance with a Business Day convention and (x) if there is no numerically corresponding day on the calendar month in which such date should occur or (y) such date would otherwise fall on a day which is not a Business Day (as defined in Condition 6(m) (*Definitions*)), then if the Business Day Convention specified in the relevant Final Terms or Drawdown Prospectus is:

- (i) the “Following Business Day Convention”, such date shall be postponed to the next day which is a Business Day;
- (ii) the “Modified Following Business Day Convention”, such 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 date shall be brought forward to the immediately preceding Business Day; or

(iii) the “Preceding Business Day Convention”, such date shall be brought forward to the immediately preceding Business Day.

(g) *Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts*

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Agent Bank (or the Calculation Agent, if applicable) may be required to calculate any Redemption Amount or the amount of an instalment of scheduled principal (an “Instalment Amount”), obtain any quote or make any determination or calculation, the Agent Bank (or the Calculation Agent, if applicable) will determine the Interest Rate and calculate the Interest Amount for the relevant Interest Period (including, for the avoidance of doubt any applicable Index Ratio to be calculated in accordance with Condition 7(b) (*Application of the Index Ratio*)), calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount, Principal Amount Outstanding or any Instalment Amount to be notified to, in the case of Bearer Bonds, the Paying Agents or in the case of Registered Bonds, the Registrar, and, in each case, the Bond Trustee, the Issuer, the Bondholders and the Irish Stock Exchange and each other listing authority, stock exchange and/or quotation system by which the relevant Bonds have then been admitted to listing, trading and/or quotation) as soon as possible after its determination but in no event later than (i) (in case of notification to the Irish Stock Exchange and each other listing authority, stock exchange and/or quotation system by which the relevant Bonds have then been admitted to listing, trading and/or quotation) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate and Interest Amount; or (ii) in all other cases, the fourth Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Sub-Class or Tranche of Bonds are for the time being listed or by which they have been admitted to listing and to the Bondholders in accordance with Condition 17 (*Notices*). If the Bonds become due and payable under Condition 11 (*Events of default*), the accrued interest and the Interest Rate payable in respect of the Bonds shall nevertheless continue to be calculated as previously provided in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made unless otherwise required by the Bond Trustee. If the Calculation Amount is less than the minimum Specified Denomination, the Agent Bank (or the Calculation Agent, if applicable) shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Bond having the minimum Specified Denomination. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Agent Bank (or the Calculation Agent, if applicable) or, as the case may be, the Bond Trustee pursuant to this Condition 6 or Condition 7 (*Indexation*), shall (in the absence of manifest error) be final and binding upon all parties.

(h) *Accrual of Interest*

Interest will cease to accrue on each Bond (or, in the case of the redemption of part only of a Bond, that part only of such Bond) on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (both before

and after judgment) at the Interest Rate in the manner provided in this Condition 6 to the Relevant Date (as defined in Condition 6(m) (*Definitions*)).

(i) *Deferral of interest on Class B Bonds*

This Condition 6(i) is applicable only in relation to Bonds which are specified as being Class B Bonds.

In the case of interest on Class B Bonds only, if, on any Interest Payment Date prior to the taking of Enforcement Action after the termination of a Standstill Period, there are insufficient funds available to the Issuer (after taking into account any amounts available to be drawn under any DSR Liquidity Facility or from the Debt Service Reserve Accounts) to pay such accrued interest, the Issuer's liability to pay such accrued interest will be treated as not having fallen due and will be deferred until the earliest of: (i) the next following Interest Payment Date on which the Issuer has, in accordance with the cash management provisions of Schedule 11 (*Cash Management*) of the CTA, sufficient funds available to pay such deferred amounts (including any interest accrued thereon); (ii) the date on which the Class A Debt has been paid in full; and (iii) an Acceleration of Liabilities (other than a Permitted Hedge Termination, a Permitted Lease Termination or a Permitted EIB Compulsory Prepayment Event) and in the case of a Permitted Share Pledge Acceleration only to the extent that there would be sufficient funds available in accordance with the Payment Priorities to pay such deferred interest (including any interest accrued thereon). Interest will accrue on such deferred interest at the rate otherwise payable on unpaid principal of such Class B Bonds.

(j) *Agent Bank, Calculation Agent and Reference Banks*

The Issuer will procure that there shall at all times be an Agent Bank (and a Calculation Agent, if applicable) and four Reference Banks selected by the Issuer acting through the Agent Bank (or the Calculation Agent, if applicable) with offices in the Relevant Financial Centre if provision is made for them in these Conditions applicable to this Bond and for so long as it is Outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer acting through the Agent Bank (or the Calculation Agent, if applicable) will select another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. If the Agent Bank (or the Calculation Agent, if applicable) is unable or unwilling to act as such or if the Agent Bank (or the Calculation Agent, if applicable) fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint (with the prior written consent of the Bond Trustee) a successor to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

(k) *Determination or Calculation by Bond Trustee*

If the Agent Bank (or the Calculation Agent, if applicable) does not at any time for any reason determine any Interest Rate, Interest Amount, Redemption Amount, Instalment Amount or any other amount to be determined or calculated by it, the Bond Trustee shall (without liability for so doing) determine such Interest Rate, Interest Amount, Redemption Amount, Instalment Amount or other amount as aforesaid at such rate or in such amount as in its absolute discretion (having regard as it shall think fit to the procedures described above, but subject to the terms of the Bond Trust Deed and always subject to any Minimum Interest Rate or Maximum Interest Rate specified in the applicable Final Terms or Drawdown Prospectus) it shall deem fair and reasonable in all the circumstances or, subject as aforesaid, apply the foregoing provisions of this Condition, with any consequential amendments, to the extent that, in its sole opinion, it can do so and in all other respects it shall do so in such manner as it shall, in its absolute discretion, deem fair and reasonable in the circumstances, and each such determination or calculation shall be deemed to have been made by the Agent Bank (or the Calculation Agent, if applicable).



(l) *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 Condition 6 (*Interest and other Calculations*) whether by the Principal Paying Agent, the Agent Bank (or the Calculation Agent, if applicable) or, if applicable, any calculation agent, shall (in the absence of wilful default, negligence, bad faith or manifest error) be binding on the Issuer, TWUL, TWUF, TWH, TWUCFH, the Agent Bank, the Bond Trustee, the Principal Paying Agent, the other Agents and all Bondholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, TWUL, TWUF, TWH, TWUCFH, the Bond Trustee, the Bondholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent, the Agent Bank or, if applicable, any calculation agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(m) *Definitions*

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

“Broken Amount” means the amount specified as such in the relevant Final Terms or Drawdown Prospectus;

“Business Day” means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in London and each (if any) additional city or cities specified in the relevant Final Terms or Drawdown Prospectus; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the principal financial centre of the Relevant Currency (which in the case of a payment in US dollars shall be New York) and in each (if any) additional city or cities specified in the relevant Final Terms or Drawdown Prospectus;

“Calculation Amount” has the meaning specified in the relevant Final Terms or Drawdown Prospectus;

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Bond for any period of time (whether or not constituting an Interest Period, the “Calculation Period”):

- (i) if “Actual/Actual (ICMA)” is specified:
  - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period; and (y) the number of Determination Periods normally ending in any year; and
  - (B) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period; and (2) the number of Determination Periods normally ending in any year; and

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

where:

“Determination Period” means the period from and including a Determination Date in any year but excluding the next Determination Date; and

“Determination Date” means the date specified as such or, if none is so specified, the Interest Payment Date;

- (ii) if “Actual/Actual” or “Actual/Actual (ISDA)” is specified, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if “Actual/365 (Fixed)” is specified, the actual number of days in the Calculation Period divided by 365;
- (iv) if “Actual/360” is specified, the actual number of days in the Calculation Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30”;

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

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31, in which case D2 will be 30”;

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

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

“EURIBOR” means the rate for Euro deposits for such period as specified in the relevant Final Terms or Drawdown Prospectus and for each Interest Period thereafter, for Euro deposits for the relevant Interest Period as determined by reference to (1) the display page designated EURIBOR01 on the Dow Jones Reuters Service (or such other page as may replace that page on that service, or such other service as may be nominated by the Agent Bank as the information vendor, for the purpose of displaying comparable rates) as of the Interest Determination Date or (2) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Agent Bank) as may replace the Dow Jones Reuters Monitor as at or about 11.00 a.m. (Brussels time);

“euro” means the lawful currency of the Participating Member States;

“Fixed Coupon Amount” means the amount specified as such in the relevant Final Terms or Drawdown Prospectus;

“Interest Amount” means:

- (i) in respect of a Fixed Interest Period, the amount of interest payable per Calculation Amount for that Fixed Interest Period and which, in the case of Fixed Rate Bonds, and unless otherwise specified, shall mean the Fixed Coupon Amount or Broken Amount specified as being payable on the Interest Payment Date at the end of the Interest Period of which such Fixed Interest Period forms part;
- (ii) in respect of an Interest Period, the amount of interest payable per Calculation Amount for that Interest Period; and
- (iii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

“Interest Commencement Date” means the Issue Date or such other date as may be specified in the relevant Final Terms or Drawdown Prospectus;

“Interest Determination Date” means, with respect to an Interest Rate and an Interest Period, the date specified as such in the relevant Final Terms or Drawdown Prospectus or, if none is so specified, the day falling two Business Days in London prior to the first day of such Interest Period (or if the Relevant Currency is sterling the first day of such Interest Period) (as adjusted in accordance with any Business Day Convention (as defined below) specified in the relevant Final Terms or Drawdown Prospectus);

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

“Interest Rate” means the rate of interest payable from time to time in respect of the Bonds and which is either specified as such in, or calculated in accordance with the provisions of, these Conditions and/or the relevant Final Terms or Drawdown Prospectus;

“ISDA Definitions” means the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of Bonds of the relevant Sub-Class as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Final Terms or Drawdown Prospectus, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of Bonds of the relevant Sub-Class (as specified in the relevant Final Terms or Drawdown Prospectus) as published by the International Swaps and Derivatives Association, Inc.);

“Issue Date” means the date specified as such in the relevant Final Terms or Drawdown Prospectus;

“LIBOR” means the rate for Sterling or U.S. dollar (as applicable) deposits for such period as specified in the relevant Final Terms or Drawdown Prospectus and for each Interest Period thereafter, for Sterling or U.S. dollar (as applicable) deposits for the relevant Interest Period as determined by reference to ICE Benchmark Administration Limited (or any other person who takes over the administration of this rate) LIBOR Rates display as quoted on the Bridge Reuters monitor as Reuters Screen LIBOR01 at 11.00 a.m. London time. If the Reuters Screen LIBOR01 stops providing these quotations, the replacement service for the purposes of displaying this information will be used. If the replacement service stops displaying the information, any page showing this information may be used. If there is more than one

service displaying the information, the one approved in writing by the Agent Bank in its sole discretion will be used;

“Margin” means the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms or Drawdown Prospectus;

“Maturity Date” means the date specified in the relevant Final Terms or Drawdown Prospectus as the final date on which the principal amount of the Bond is due and payable;

“Maximum Interest Rate” means the rate specified as such in the relevant Final Terms or Drawdown Prospectus;

“Minimum Interest Rate” means the rate specified as such in the relevant Final Terms or Drawdown Prospectus;

“Page” means such page, section, caption, column or other part of a particular information service (including the Reuters Money 3000 Service (“Reuters”)) as may be specified in the relevant Final Terms or Drawdown Prospectus as a Relevant Screen Page, or such other page, section, caption, column or other part as may replace the same on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying comparable rates or prices;

“Participating Member State” means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty establishing the European Communities (as amended), and “Participating Member States” means all of them;

“Principal Amount Outstanding” means, in relation to a Bond, Sub-Class or Class, the original face value thereof (in relation to any Indexed Bonds, as adjusted in accordance with the Conditions) less any repayment of principal made to the Holder(s) thereof in respect of such Bond, Sub-Class or Class;

“Redemption Amount” means, the amount provided under Condition 8(b) (Optional Redemption), unless otherwise specified in the relevant Final Terms or Drawdown Prospectus;

“Reference Banks” means the institutions specified as such or, if none, four major banks selected by the Agent Bank (or the Calculation Agent, if applicable) in the interbank market (or, if appropriate, money market) which is most closely connected with the Relevant Rate as determined by the Agent Bank (or the Calculation Agent, if applicable), on behalf of the Issuer, in its sole and absolute discretion;

“Relevant Currency” means the currency specified as such or, if none is specified, the currency in which the Bonds are denominated;

“Relevant Date” means the earlier of (a) the date on which all amounts in respect of the Bonds have been paid, and (b) five days after the date on which all of the Principal Amount Outstanding (adjusted in the case of Indexed Bonds in accordance with Condition 7(b) (Application of Index Ratio)) has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Bondholders in accordance with Condition 17 (Notices);

“Relevant Financial Centre” means, with respect to any Bond, the financial centre specified as such in the relevant Final Terms or Drawdown Prospectus or, if none is so specified, the financial centre with which the Relevant Rate is most closely connected as determined by the Agent Bank (or the Calculation Agent, if applicable);

“Relevant Rate” means the offered rate for a Representative Amount of the Relevant Currency for a period (if applicable) equal to the Specified Duration (or such other rate as shall be specified in the relevant Final Terms or Drawdown Prospectus);

“Relevant Screen Page” means EURIBOR, LIBOR or such page, section, caption, column or other part of a particular information service as may be specified (or any successor or replacement page, section, caption, column or other part of a particular information service);

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or Drawdown Prospectus or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

“Representative Amount” means, with respect to any rate to be determined on an Interest Determination Date, the amount specified in the relevant Final Terms or Drawdown Prospectus as such or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time;

“Specified Denomination” means the denomination specified in the relevant Final Terms or Drawdown Prospectus;

“Specified Duration” means, with respect to any Floating Rate (as defined in the ISDA Definitions) to be determined on an Interest Determination Date, the period or duration specified as such in the relevant Final Terms or Drawdown Prospectus or, if none is specified, a period of time equal to the relative Interest Period;

“Specified Interest Payment Date” means the date(s) specified as such in the relevant Final Terms or Drawdown Prospectus.

“Specified Period” means the period(s) specified as such in the relevant Final Terms or Drawdown Prospectus;

“TARGET Settlement Day” means any day on which the TARGET system is open for the settlement of payments in euro; and

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

## **7 Indexation**

This Condition 7 is applicable only if the relevant Final Terms or Drawdown Prospectus specifies the Bonds as Indexed Bonds.

### *(a) Definitions*

“affiliate” means in relation to any person, any entity controlled, directly or indirectly, by that person, any entity that controls directly or indirectly, that person or any entity, directly or indirectly under common control with that person and, for this purpose, “control” means control as defined in the Companies Act;

“Base Index Figure” means (subject to Condition 7(c)(i) (*Change in base*)) the base index figure as specified in the relevant Final Terms or Drawdown Prospectus;

“Calculation Date” means any date when a payment of interest or, as the case may be, principal falls due;

“Index” or “Index Figure” means, in relation to any relevant month (as defined in Condition 7(c)(ii) (*Delay in publication of Index*)), subject as provided in Condition 7(c)(i) (*Change in base*), (i) if RPI is specified in the relevant Final Terms, the UK Retail Price Index (RPI) (for all items) published by the Office for National Statistics (January 1987 = 100) and appearing on its website (<http://www.statistics.gov.uk/>) or any comparable index which may replace the UK Retail Price Index for the purpose of calculating the amount payable on repayment of the Reference Gilt; or (ii) if HICP is specified, the Harmonised Index of Consumer Prices for the Eurozone, excluding tobacco, non-revised, published by EUROSTAT and appearing on the AFT website (<http://www.aft.gouv.fr/>) or any comparable index which may replace the Harmonised Index of Consumer Prices for the Eurozone for the purpose of calculating the amount payable on repayment of the Reference Gilt.

Any reference to the “Index Figure applicable” to a particular Calculation Date shall, subject as provided in Condition 7(c) (*Changes in Circumstances Affecting the Index*) and (e) (*Cessation of or Fundamental Changes to the Index*), and if “3 months lag” is specified in the relevant Final Terms or Drawdown Prospectus, be calculated in accordance with the following formula:

$$\text{IFA} = \text{RPI}_{m-3} + \frac{(\text{Day of Calculation Date} - 1)}{(\text{Days in month of Calculation Date})} \cdot (\text{RPI}_{m-2} - \text{RPI}_{m-3})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

“IFA” means the Index Figure applicable;

“RPI<sub>m-3</sub>” means the Index Figure for the first day of the month that is three months prior to the month in which the payment falls due;

“RPI<sub>m-2</sub>” means the Index Figure for the first day of the month that is two months prior to the month in which the payment falls due;

Any reference to the “Index Figure applicable” to a particular Calculation Date shall, subject as provided in Condition 7(b) (*Application of the Index Ratio*) below, and if “8 months lag” is specified in the relevant Final Terms or Drawdown Prospectus, be calculated in accordance with the following formula:

$$\text{IFA} = \text{RPI}_{m-8} + \frac{(\text{Day of Calculation Date} - 1)}{(\text{Days in month of Calculation Date})} \cdot (\text{RPI}_{m-7} - \text{RPI}_{m-8})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

“IFA” means the Index Figure applicable;

“RPI<sub>m-8</sub>” means the Index Figure for the first day of the month that is eight months prior to the month in which the payment falls due;

“RPI<sub>m-7</sub>” means the Index Figure for the first day of the month that is seven months prior to the month in which the payment falls due;

“Index Ratio” applicable to any Calculation Date means the Index Figure applicable to such date divided by the Base Index Figure;

“Limited Index Ratio” means (a) in respect of any month prior to the relevant Issue Date, the Index Ratio for that month; (b) in respect of any Limited Indexation Month after the relevant Issue Date, the product of the Limited Indexation Factor for that month and the Limited Index Ratio as previously calculated in respect of the month 12 months prior thereto; and (c) in respect of any other month, the Limited Index Ratio as previously calculated in respect of the most recent Limited Indexation Month;

“Limited Indexation Factor” means, in respect of a Limited Indexation Month, the ratio of the Index Figure applicable to that month divided by the Index Figure applicable to the month 12 months prior thereto, **provided that** (a) 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 (b) if such ratio is less than the Minimum Indexation Factor specified in the relevant Final Terms or Drawdown Prospectus, it shall be deemed to be equal to such Minimum Indexation Factor;

“Limited Indexation Month” means any month specified in the relevant Final Terms or Drawdown Prospectus for which a Limited Indexation Factor is to be calculated;

“Limited Indexed Bonds” means Indexed Bonds to which a Maximum Indexation Factor and/or a Minimum Indexation Factor (as specified in the relevant Final Terms or Drawdown Prospectus) applies;

“Maximum Indexation Factor” means the indexation factor specified as such in the relevant Final Terms or Drawdown Prospectus;

“Minimum Indexation Factor” means the indexation factor specified as such in the relevant Final Terms or Drawdown Prospectus; and

“Reference Gilt” means the Treasury Stock specified as such in the relevant Final Terms or Drawdown Prospectus for so long as such stock is in issue, and thereafter such issue of index-linked Treasury Stock determined to be appropriate by a gilt-edged market maker or other adviser selected by the Issuer and approved by the Bond Trustee (an “Indexation Adviser”).

(b) *Application of the Index Ratio*

Each payment of interest and principal in respect of the Bonds shall be the amount provided in, or determined in accordance with, these Conditions, multiplied by the Index Ratio or Limited Index Ratio in the case of Limited Indexed Bonds applicable to the month in which such payment falls to be made and rounded in accordance with Condition 6(e) (*Rounding*).

(c) *Changes in Circumstances Affecting the Index*

- (i) 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 calendar month from and including that in which such substitution takes effect (1) the definition of “Index” and “Index Figure” in Condition 7(a) (*Definitions*) shall be deemed to refer to the new date or month in substitution for January 1987 (or, as the case may be, to such other date or month as may have been substituted therefor); and (2) the new Base Index Figure shall be the product of the existing Base Index Figure (being at the Initial Issue Date 178.2) and the Index Figure immediately following such substitution, divided by the Index Figure immediately prior to such substitution.
- (ii) Delay in publication of Index: If the Index Figure relating to any month (the “relevant month”) which is required to be taken account for the purposes of the determination of the Index Figure applicable for any date is not published on or before the 14th business day before the date on which any payment of interest or principal on the Bonds is due (the “date for payment”), the Index Figure relating to the relevant month shall be (1) such substitute index figure (if any) as the Bond Trustee considers to have been published by the Bank of England for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser (and approved by the Bond Trustee); or (2) 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 7(c)(i) (*Change in base*)) before the date for payment.



(d) *Application of Changes*

Where the provisions of Condition 7(c)(ii) (*Delay in publication of Index*) apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in which the date for payment falls shall be conclusive and binding. If, an Index Figure having been applied pursuant to Condition 7(c)(ii)(2) (*Delay in publication of Index*), the Index Figure relating to the relevant month is subsequently published while a Bond is still Outstanding, then:

- (i) in relation to a payment of principal or interest in respect of such Bond other than upon final redemption of such Bond, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced by an amount equal to (respectively) the shortfall or excess of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of Condition 7(c)(ii)(2) (*Delay in publication of Index*), below or above 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
- (ii) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.

(e) *Cessation of or Fundamental Changes to the Index*

- (i) If (1) the Bond Trustee has been notified by the Agent Bank (or the Calculation Agent, if applicable) that the Index has ceased to be published; or (2) 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 the Bond Trustee acting solely on the advice of an Indexation Adviser, be materially prejudicial to the interests of the Bondholders, the Bond Trustee will give written notice of such occurrence to the Issuer, and the Issuer and the Bond Trustee together shall seek to agree for the purpose of the Bonds one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Bondholders in 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.
- (ii) If the Issuer and the Bond Trustee fail to reach agreement as mentioned above within 20 business days following the giving of notice as mentioned in paragraph (i), a bank or other person in London shall be appointed by the Issuer and the Bond Trustee or, failing agreement on and the making of such appointment within 20 business days following the expiry of the day period referred to above, by the Bond Trustee (in each case, such bank or other person so appointed being referred to as the “Expert”), to determine for the purpose of the Bonds one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Bondholders in 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. Any Expert so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Expert and of any Indexation Adviser and of any of the Issuer and the Bond Trustee in connection with such appointment shall be borne by the Issuer.
- (iii) The Index shall be adjusted or replaced by a substitute index as agreed by the Issuer and the Bond Trustee 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 Bond Trustee 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 Financial Guarantor(s), the other Secured Creditors, the Bond Trustee and the Bondholders, and the Issuer shall give notice to the Bondholders in accordance with Condition 17 (*Notices*) of such amendments as promptly as practicable following such notification.

## 8 Redemption, Purchase and Cancellation

### (a) *Partial and Final Redemption*

Unless previously redeemed, or purchased and cancelled as provided below, or unless such Bond is stated in the relevant Final Terms or Drawdown Prospectus as having no fixed maturity date, each Bond will be redeemed at its Principal Amount Outstanding (in the case of Indexed Bonds as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)), on the date or dates (or, in the case of Floating Rate Bonds, on the Interest Payment Date(s)) specified in the relevant Final Terms or Drawdown Prospectus plus accrued but unpaid interest (other than in the case of Zero Coupon Bonds) and, in the case of Indexed Bonds as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*).

In the case of principal on Class B Bonds only, if on any date, prior to the taking of Enforcement Action after the termination of a Standstill Period, on which such Bond is to be redeemed (in whole or in part) there are insufficient funds available to the Issuer to pay such principal, the Issuer's liability to pay such principal will be treated as not having fallen due and will be deferred until the earliest of (i) the next following Interest Payment Date on which the Issuer has, in accordance with the cash management provisions of Schedule 11 (*Cash Management*) of the CTA, sufficient funds to pay such deferred amounts (including any interest accrued thereon); (ii) the date on which all Class A Debt has been paid in full and (iii) an Acceleration of Liabilities (other than a Permitted Hedge Termination, a Permitted Lease Termination or a Permitted EIB Compulsory Prepayment Event) and in the case of a Permitted Share Pledge Acceleration only to the extent that there would be sufficient funds available in accordance with the Payment Priorities to pay such deferred principal (including any accrued interest thereon). Interest will accrue on such deferred principal at the rate otherwise payable on unpaid principal of such Class B Bonds.

### (b) *Optional Redemption*

Subject as provided below, if a Call Option is specified as applicable in the relevant Final Terms or Drawdown Prospectus, upon giving not more than 60 nor less than 30 days' notice to the Bond Trustee, the Security Trustee, the Majority Creditors and the Bondholders, the Issuer may (prior to the Maturity Date) redeem any Sub-Class of the Bonds in whole or in part (but on a pro rata basis only) on any Interest Payment Date at their Redemption Amount, **provided that** Floating Rate Bonds may not be redeemed before the date specified in the relevant Final Terms or Drawdown Prospectus, as follows:

- (i) In respect of Fixed Rate Bonds, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Drawdown Prospectus, be an amount equal to the higher of (i) their Principal Amount Outstanding; and (ii) the price determined to be appropriate by a financial adviser in London (selected by the Issuer and approved by the Bond Trustee) as being the price at which the Gross Redemption Yield (as defined below) on such Bonds on the Reference Date (as defined below) is equal to the Gross Redemption Yield at 3:00 p.m. (London time) on the Reference Date on the Reference Gilt (as defined below) while that stock is in issue, and thereafter such Government stock (or such other stock as specified in the relevant Final Terms

or Drawdown Prospectus for Bonds denominated in currencies other than Sterling) as the Issuer may, with the advice of three persons operating in the gilt-edged market (selected by the Issuer and approved by the Bond Trustee) determine to be appropriate, plus accrued but unpaid interest on the Principal Amount Outstanding.

For the purposes of this Condition 8(b)(i), “Gross Redemption Yield” means a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the United Kingdom Debt Management Office publication “Formulae for Calculating Gilt Prices from Yields” published 8 June 1998 with effect from 1 November 1998 and updated on 15 January 2002 (and as further updated, supplemented, amended or replaced from time to time) page 5 or any replacement therefor; “Reference Date” means the date which is two Business Days prior to the despatch of the notice of redemption under this Condition 8(b)(i); and “Reference Gilt” means the Treasury Stock specified in the relevant Final Terms or Drawdown Prospectus.

- (ii) In respect of Floating Rate Bonds, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Drawdown Prospectus, be the Principal Amount Outstanding plus any premium for early redemption in certain years (as specified in the relevant Final Terms or Drawdown Prospectus) plus any accrued but unpaid interest on the Principal Amount Outstanding.
- (iii) In respect of Indexed Bonds, the Redemption Amount will (unless otherwise specified in the relevant Final Terms or Drawdown Prospectus) be the higher of (i) the Principal Amount Outstanding; and (ii) the price determined to be appropriate (without any additional indexation beyond the implicit indexation in such determined price) by a financial adviser in London (selected by the Issuer and approved by the Bond Trustee) as being the price at which the Gross Real Redemption Yield (as defined below) on the Bonds on the Reference Date (as defined below) is equal to the Gross Real Redemption Yield at 3:00 p.m. (London time) on the Reference Date on the Reference Gilt while that stock is in issue, and thereafter such Government stock as the Issuer may, with the advice of three persons operating in the gilt-edged market, (selected by the Issuer and approved by the Bond Trustee), determine to be appropriate, plus accrued but unpaid interest (as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)) on the Principal Amount Outstanding.

For the purposes of this Condition 8(b)(iii), “Gross Real Redemption Yield” means a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the United Kingdom Debt Management Office publication “Formulae for Calculating Gilt Prices from Yields” published 8 June 1998 with effect from 1 November 1998 and updated on 15 January 2002, page 4 or any replacement therefor, “Reference Date” means the date which is two Business Days prior to the despatch of the notice of redemption under Condition 8(b)(iii); and “Reference Gilt” means the Treasury Stock specified in the relevant Final Terms or Drawdown Prospectus.

In any such case, prior to giving any such notice, the Issuer must certify (as further specified in the Finance Documents) to the Bond Trustee that it will have the funds, not subject to any interest (other than under the Security) of any other person, required to redeem the Bonds as aforesaid.

(c) *Redemption for Index Event, Taxation or Other Reasons*

Redemption for Index Events: Upon the occurrence of any Index Event (as defined below), the Issuer may, upon giving not more than 60 nor less than 30 days’ notice to the Bond Trustee, the Security Trustee, the Majority Creditors and the holders of the Indexed Bonds in accordance with Condition 17

(*Notices*), redeem all (but not some only) of the Indexed Bonds of all Sub-Classes on any Interest Payment Date at the Principal Amount Outstanding (adjusted in accordance with Condition 7(b) (*Application of Index Ratio*)) plus accrued but unpaid interest. No single Sub-Class of Indexed Bonds may be redeemed in these circumstances unless all the other Classes and Sub-Classes of Indexed Bonds are also redeemed at the same time and the Issuer has discharged all amounts due and payable to any Financial Guarantor that has issued a Financial Guarantee in respect of such Class or Sub-Class of Indexed Bonds. Before giving any such notice, the Issuer shall provide to the Bond Trustee, the Security Trustee, the Majority Creditors and the relevant Financial Guarantor(s) a certificate signed by an Authorised Signatory (a) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (b) confirming that the Issuer will have sufficient funds on such Interest Payment Date to effect such redemption and payment to the relevant Financial Guarantor(s).

“Index Event” means (i) if the Index Figure for three consecutive months falls to be determined on the basis of an Index Figure previously published as provided in Condition 7(c)(ii) (*Delay in publication of Index*) and the Bond Trustee has been notified by the Principal Paying 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 Reference Gilt, and (in either case) no amendment or substitution of the Index has been advised by the Indexation Adviser to the Issuer and such circumstances are continuing.

Redemption for Taxation Reasons: In addition, if at any time the Issuer satisfies the Bond Trustee that the Issuer would, on the next Interest Payment Date, become obliged to deduct or withhold from any payment of interest or principal in respect of the Bonds (other than in respect of default interest) any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or the Cayman Islands or any political subdivision thereof, or any other authority thereof, then the Issuer may, in order to avoid the relevant deductions or withholding, use its reasonable endeavours to arrange the substitution of a company incorporated under another jurisdiction approved by the Bond Trustee as principal debtor under the Bonds and as lender under the Issuer/TWUL Loan Agreements and as obligor under the Finance Documents upon satisfying the conditions for substitution of the Issuer as set out in the STID (and referred to in Condition 15 (*Meetings of Bondholders, Modification, Waiver and Substitution*)). If the Issuer is unable to arrange a substitution as described above having used reasonable endeavours to do so and, as a result, the relevant deduction or withholding is continuing then the Issuer may (but will not be obliged to), upon giving not more than 60 nor less than 30 days’ notice to the Bond Trustee, the Security Trustee, the Majority Creditors and the Bondholders in accordance with Condition 17 (*Notices*), redeem all (but not some only) of the Bonds on any Interest Payment Date at their Principal Amount Outstanding plus accrued but unpaid interest thereon (each adjusted, in the case of Indexed Bonds, in accordance with Condition 7(b) (*Application of the Index Ratio*)). Before giving any such notice of redemption, the Issuer shall provide to the Bond Trustee, the Security Trustee and the Majority Creditors and the relevant Financial Guarantors a certificate signed by an Authorised Signatory (a) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and (b) confirming that the Issuer will have sufficient funds on such Interest Payment Date to discharge all its liabilities in respect of the Bonds and any amounts under the Security Agreement to be paid in priority to, or *pari passu* with, the Bonds under the Payment Priorities.

(d) *Redemption on Prepayment of Issuer/TWUL Loan Agreements*

If TWUL gives notice to the Issuer under an Issuer/TWUL Loan Agreement that it intends to prepay all or part of any advance made under such Issuer/TWUL Loan Agreement and such advance was funded by the Issuer from the proceeds of the issue of a Sub-Class of Bonds, the Issuer shall, upon giving not more than 60 nor less than 30 days' notice to the Bond Trustee, the Security Trustee, the Majority Creditors, the relevant Financial Guarantors and the Bondholders in accordance with Condition 17 (*Notices*), (where such advance is being prepaid in whole) redeem all of the Bonds of that Sub-Class or (where part only of such advance is being prepaid) the proportion of the relevant Sub-Class of Bonds which the proposed prepayment amount bears to the amount of the relevant advance. In the case of a voluntary prepayment, the relevant Bonds will be redeemed at their Redemption Amount determined in accordance with Condition 8(b) (*Optional Redemption*) except that, in the case of Fixed Rate Bonds and Indexed Bonds, for the purposes of this Condition 8(d), "Reference Date" means the date two Business Days prior to the despatch of the notice of redemption given under this Condition 8(d), plus accrued but unpaid interest and, in the case of any other prepayment, the relevant Bonds will be redeemed at their Principal Amount Outstanding plus accrued but unpaid interest.

(e) *Early redemption of Zero Coupon Bonds*

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Bond at any time before the Maturity Date shall be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Bond becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition (e) or, if none is so specified, a Day Count Fraction of 30/360.

In these Conditions, "Accrual Yield" and "Reference Price" and "Zero Coupon Bond" have the meanings given to them in the relevant Final Terms.

(f) *Purchase of Bonds*

The Issuer may, provided that no Event of Default has occurred and is continuing, purchase Bonds (provided that all unmatured Receipts and Coupons and unexchanged Talons (if any) appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

If not all the Bonds which are in registered form are to be purchased, upon surrender of the existing Individual Bond Certificate, the Registrar shall forthwith upon the written request of the Bondholder concerned issue a new Individual Bond Certificate in respect of the Bonds which are not to be purchased and despatch such Individual Bond Certificate to the Bondholder (at the risk of the Bondholder and to such address as the Bondholder may specify in such request).

**While the Bonds are represented by a Global Bond or Global Bond Certificate (as defined below), the relevant Global Bond or Global Bond Certificate will be endorsed to reflect the Principal Amount Outstanding of Bonds to be so redeemed or purchased.**

(g) *Redemption by Instalments*

Unless previously redeemed, purchased and cancelled as provided in this Condition 8, each Bond which provides for Instalment Dates (as specified in the relevant Final Terms or Drawdown Prospectus) and Instalment Amounts (as specified in the relevant Final Terms or Drawdown Prospectus) will be partially redeemed on each Instalment Date at the Instalment Amount.

(h) *Cancellation*

In respect of all Bonds purchased by or on behalf of the Issuer, the Bearer Bonds or the Registered Bonds shall be surrendered to or to the order of the Principal Paying Agent or the Registrar, as the case may be, for cancellation and, if so surrendered, will, together with all Bonds redeemed by the Issuer, be cancelled forthwith (together with, in the case of Bearer Bonds, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Bonds so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

(i) *Instalments*

Instalment Bonds will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Redemption Amount will be determined pursuant to Condition 8(b) (*Optional Redemption*) above.

## 9 Payments

(a) *Bearer Bonds*

Payments to the Bondholders of principal (or, as the case may be, Redemption Amounts or other amounts payable on redemption) and interest (or, as the case may be, Interest Amounts) in respect of Bearer Bonds will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payment of Instalment Amounts other than on the due date for final redemption and provided that the Receipt is presented for payment together with its relative Bond), Bonds (in the case of all other payments of principal and, in the case of interest, as specified in Condition 9(f) (*Unmatured Coupons and Receipts and Unexchanged Talons*)) or Coupons (in the case of interest, save as specified in Condition 9(f) (*Unmatured Coupons and Receipts and Unexchanged Talons*)), as the case may be, at the specified office of any Paying Agent outside the United States of America by transfer to an account denominated in the currency in which such payment is due with, or (in the case of Bonds in definitive form only) a cheque payable in that currency drawn on, a bank in (i) the principal financial centre of that currency provided that such currency is not euro, or (ii) the principal financial centre of any Participating Member State if that currency is euro.

(b) *Registered Bonds*

Payments of principal (or, as the case may be, Redemption Amounts) in respect of Registered Bonds will be made to the holder (or the first named of joint holders) of such Bond against presentation and surrender of the relevant Registered Bond at the specified office of the Registrar and in the manner provided in Condition 9(a) (*Bearer Bonds*).

Payments of instalments in respect of Registered Bonds will be made to the holder (or the first named of joint holders) of such Bond against presentation of the relevant Registered Bond at the specified office of the Registrar in the manner provided in Condition 9(a) (*Bearer Bonds*) above and annotation of such payment on the Register and the relevant Bond Certificate.

Interest (or, as the case may be, Interest Amounts) on Registered Bonds payable on any Interest Payment Date will be paid to the holder (or the first named of joint holders) on the fifteenth day before the due date for payment thereof (the “Record Date”). Payment of interest or Interest Amounts on each Registered Bond will be made in the currency in which such payment is due by cheque drawn on a bank in (a) the principal financial centre of the country of the currency concerned, provided that such currency is not euro, or (b) the principal financial centre of any Participating Member State if that currency is euro and mailed to the holder (or to the first named of joint holders) of such Bond at its address appearing in the Register. Upon application by the Bondholder to the specified office of the Registrar before the relevant Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in (a) the principal financial centre of the country of that currency provided that such currency is not euro, or (b) the principal financial centre of any Participating Member State if that currency is euro.

A record of each payment so made will be endorsed on the schedule to the Global Bond or the Global Bond Certificate by or on behalf of the Principal Paying Agent or the Registrar, as the case may be, which endorsement shall be *prima facie* evidence that such payment has been made.

(c) *Payments in the United States of America*

Notwithstanding the foregoing, if any Bearer Bonds are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if:

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

(d) *Payments subject to fiscal laws; payments on Global Bonds and Registered Bonds*

Payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the Issuer, the Guarantors, or their respective Agents agree to be subject and neither the Issuer nor the Guarantors will be liable to Bondholders or Couponholders for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commission or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

The holder of a Global Bond or Global Bond Certificate shall be the only person entitled to receive payments of principal (or Redemption Amounts) and interest (or Interest Amounts) on the Global Bond or Global Bond Certificate (as the case may be) and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Bond or Global Bond Certificate in respect of each amount paid.

(e) *Appointment of the Agents*

The Paying Agents, the Agent Bank, the Transfer Agents and the Registrar (the “Agents”) appointed by the Issuer (and their respective specified offices) are listed in the Agency Agreement. Any Calculation Agent will be listed in the relevant Final Terms or Drawdown Prospectus and will be appointed pursuant to a Calculation Agency Agreement. The Agents act solely as agents of the Issuer and do not

assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right, with the prior written consent of the Bond Trustee at any time to vary or terminate the appointment of any Agent, and to appoint additional or other Agents, **provided that** the Issuer will at all times maintain (i) a Principal Paying Agent (in the case of Bearer Bonds); (ii) a Registrar (in the case of Registered Bonds); (iii) an Agent Bank or Calculation Agent (as specified in the relevant Final Terms or Drawdown Prospectus) (in the case of Floating Rate Bonds or Indexed Bonds); (iv) a Paying Agent with a specified office in a EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such Directive; and (v) if and for so long as the Bonds are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent, Transfer Agent or Registrar in any particular place, a Paying Agent, Transfer Agent and/or Registrar, as applicable, having its specified office in the place required by such listing authority, stock exchange and/or quotation system'. Notice of any such variation, termination or appointment will be given in accordance with Condition 17 (*Notices*).

(f) *Unmatured Coupons and Receipts and Unexchanged Talons*

- (i) Subject to the provisions of the relevant Final Terms or Drawdown Prospectus, upon the due date for redemption of any Bond which is a Bearer Bond (other than a Fixed Rate Bond, unless it has all unexpired Coupons attached), unexpired Coupons and Receipts relating to such Bond (whether or not attached) shall become void and no payment shall be made in respect of them.
- (ii) Upon the date for redemption of any Bond, any unexpired Talon relating to such Bond (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iii) Upon the due date for redemption of any Bond which is redeemable in instalments, all Receipts relating to such Bond having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iv) Where any Bond, which is a Bearer Bond and is a Fixed Rate Bond, is presented for redemption without all unexpired Coupons and any unexpired Talon relating to it, a sum equal to the aggregate amount of the missing unexpired Coupons will be deducted from the amount of principal due for payment and, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Bond is not an Interest Payment Date, interest accrued from the preceding Interest Payment Date or the Interest Commencement Date, as the case may be, or the Interest Amount payable on such date for redemption shall only be payable against presentation (and surrender if appropriate) of the relevant Bond and Coupon.

(g) *Non-Business Days*

Subject as provided in the relevant Final Terms or Drawdown Prospectus, if any date for payment in respect of any Bond, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks are open for presentation and payment of debt securities and for dealings in foreign currency in London and in the relevant place of presentation and in the cities referred to in the definition of Business Days and (in the case of a payment in a currency other than euro), where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on



which dealings may be carried on in the relevant currency in the principal financial centre of the country of such currency and, in relation to any sum payable in euro, a day on which the TARGET System is open.

(h) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a coupon sheet issued in respect of any Bond, the Talon forming part of such coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further coupon sheet (and if necessary another Talon for a further coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 13 (*Prescription*)).

## **10 Taxation**

All payments in respect of the Bonds, Receipts or Coupons will be made (whether by the Issuer, the Guarantors, any Paying Agent, the Registrar, the Bond Trustee, the Security Trustee or, in respect of Wrapped Bonds, the Financial Guarantors) without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer, the Guarantors, any Paying Agent or the Registrar or, where applicable, the Bond Trustee, the Security Trustee or the Financial Guarantor is required by applicable law to make any payment in respect of the Bonds, Receipts or Coupons subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In that event, the Issuer, the Guarantors, such Paying Agent, the Registrar, the Bond Trustee, the Security Trustee or the Financial Guarantor, as the case may be, shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. None of the Issuer, the Guarantors, any Paying Agent, the Registrar, the Bond Trustee, the Security Trustee or the Financial Guarantor will be obliged to make any additional payments to the Bondholders, Receiptholders or the Couponholders in respect of such withholding or deduction. The Issuer, the Guarantors, any Paying Agent, the Registrar, the Bond Trustee, the Security Trustee or the Financial Guarantor may require holders to provide such certifications and other documents as required by applicable law in order to qualify for exemptions from applicable tax laws.

If the Issuer is obliged to make any such deduction or withholding, the amount so deducted or withheld is not guaranteed by the Financial Guarantor.

## **11 Events of default**

The Events of Default (as defined in the Master Definitions Agreement) relating to the Bonds are set out in Schedule 6 of the CTA.

Following the notification of an Event of Default in respect of the Issuer, the STID provides for a Standstill Period (as defined in the Master Definitions Agreement) to commence and for restrictions to apply to all Secured Creditors of TWUL. The CTA also contains various Trigger Events that will, if they occur, (among other things) permit the Majority Creditors to commission an Independent Review, require TWUL to discuss its plans for appropriate remedial action and prevent the TWU Financing Group from making further Restricted Payments until the relevant Trigger Events have been remedied.

(a) *Events of Default*

If any Event of Default occurs and is continuing in relation to the Issuer, subject always to the terms of the STID, the Bond Trustee may at any time (in accordance with the provisions of the Bond Trust Deed and the STID), having certified in writing that, in its opinion, the occurrence of such event is materially prejudicial to the interests of the Bondholders and shall upon the Bond Trustee being so

directed or requested (i) by an Extraordinary Resolution (as defined in the Bond Trust Deed) of holders of the relevant Sub-Classes of Class A Bonds or, if there are no Class A Bonds outstanding, the Class B Bonds or (ii) in writing by holders of at least one quarter in outstanding nominal amount of the relevant Sub-Class of Class A Bonds, or if there are no Class A Bonds outstanding, the Class B Bonds and subject, in each case, to being indemnified and/or secured to its satisfaction, give notice to the Issuer and the Security Trustee that the Bonds of the relevant Sub-Class are, and they shall immediately become, due and repayable, at their respective Redemption Amounts determined in accordance with Condition 8(b) (*Optional Redemption*) (except that, in the case of Fixed Rate Bonds and Indexed Bonds for the purposes of this Condition 11(a), the “Reference Date” means the date two Business Days prior to the despatch of the notice of redemption given under this Condition 11(a)) or as specified in the applicable Final Terms or Drawdown Prospectus.

(b) *Confirmation of no Event of Default*

The Issuer, pursuant to the terms of the CTA, shall provide written confirmation to the Bond Trustee, on an annual basis, that no Event of Default has occurred in relation to the Issuer.

(c) *Enforcement of Security*

If the Bond Trustee gives written notice to the Issuer and the Security Trustee that an Event of Default has occurred under the Bonds of any Sub-Class, a Standstill Period shall commence. The Security Trustee may only enforce the Security acting in accordance with the STID and, subject to certain limitations on enforcement during a Standstill Period, on the instructions of the Majority Creditors.

(d) *Automatic Acceleration*

In the event of the acceleration of the Secured Liabilities (other than a Permitted Share Pledge Acceleration, a Permitted Hedge Termination, a Permitted Lease Termination or a Permitted EIB Compulsory Prepayment Event (as defined in the Master Definitions Agreement) as set out in the STID), the Bonds of each Series shall automatically become due and repayable at their respective Redemption Amounts determined in accordance with Condition 8(b) (*Optional Redemption*) (except that, in the case of Fixed Rate Bonds and Indexed Bonds for the purposes of this Condition 11(d), “Reference Date” means the date two Business Days prior to the date of such acceleration) or as specified in the applicable Final Terms or Drawdown Prospectus plus, in each case, accrued and unpaid interest thereon.

## **12 Enforcement Against Issuer**

No Bondholder is entitled to take any action against the Issuer or, in the case of the holders of Wrapped Bonds, against the Financial Guarantor or against any assets of the Issuer or any Financial Guarantor to enforce its rights in respect of the Bonds or to enforce any of the Security or to enforce any Financial Guarantee unless the Bond Trustee or the Security Trustee (as applicable), having become bound so to proceed, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. The Security Trustee will act (subject to Condition 11(c) (*Enforcement of Security*)) on the instructions of the Majority Creditors pursuant to the STID, and neither the Bond Trustee nor the Security Trustee shall be bound to take any such action unless it is indemnified and/or secured to its satisfaction against all fees, costs, expenses, liabilities, claims and demands to which it may thereby become liable or which it may incur by so doing.

Neither the Bond Trustee nor the Bondholders may institute against, or join any person in instituting against, the Issuer any bankruptcy, winding up, re-organisation, arrangement, insolvency or liquidation proceeding

(except for the appointment of a receiver and manager pursuant to the terms of the Security Agreement and subject to the STID) or other proceeding under any similar law for so long as any Bonds are Outstanding or for two years and a day after the latest Maturity Date on which any Bond of any Series is due to mature.

### **13 Prescription**

Claims against the Issuer for payment in respect of the Bonds, Receipts or Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date) in respect thereof.

### **14 Replacement of Bonds, Coupons, Receipts and Talons**

If any Bearer Bond, Registered Bond, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced (subject to applicable laws and requirements of the Irish Stock Exchange), if the relevant Bonds have been admitted to listing, trading and/or quotation on such a stock exchange), at the specified office of the Principal Paying Agent or, as the case may be, the Registrar upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require. Mutilated or defaced Bonds, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

### **15 Meetings of Bondholders, Modification, Waiver and Substitution**

#### *(a) Decisions of Majority Creditors*

The STID contains provisions dealing with the manner in which matters affecting the interests of the Secured Creditors (including the Bond Trustee and the Bondholders) will be dealt with. Bondholders will (subject to various Reserved Matters and Entrenched Rights) be bound by the decisions of the Majority Creditors (and additionally in a Default Situation (as defined in the Master Definitions Agreement) decisions made pursuant to the Emergency Instruction Procedure (as set out in Clause 9.13 (*Emergency Instruction Procedure*) of the STID)).

In the circumstances which do not relate to Entrenched Rights or Reserved Matters of the Bondholders (as set out in the STID), the Bond Trustee shall be entitled to vote as the DIG Representative of holders of each Sub-Class of Wrapped Bonds (following the occurrence of an FG Event of Default in respect of the Financial Guarantor of those Wrapped Bonds which is continuing) and of each Sub-Class of Unwrapped Bonds (other than Class A FG Covered Bonds (unless a Default Situation is subsisting)) on intercreditor issues (“Intercreditor Issues”) but shall not be entitled to convene a meeting of any one or more Sub-Class of Bondholders to consider the relevant matter unless a Default Situation is subsisting. If a Default Situation has occurred and is subsisting, the Bond Trustee may vote on Intercreditor Issues in its absolute discretion or shall vote in accordance with a direction by those holders of such outstanding Class A Bonds (including Class A FG Covered Bonds) or, if there are no Class A Bonds outstanding, Class B Bonds (i) by means of an Extraordinary Resolution of the relevant Sub-Class of Bonds; or (ii) (in respect of a DIG Proposal to terminate a Standstill) as requested in writing by the holders of at least one quarter of the Principal Amount Outstanding of the relevant Sub-Class of Class A Bonds (including Class A FG Covered Bonds) then outstanding, or if there are no Class A Bonds outstanding, Class B Bonds. In any case, the Bond Trustee shall not be obliged to vote unless it has been indemnified and/or secured to its satisfaction.

Whilst a Default Situation is subsisting, certain decisions and instructions may be required in a timeframe which does not allow the Bond Trustee to convene Bondholder meetings. To cater for such circumstances, the STID provides for an Emergency Instruction Procedure. The Security Trustee will

be required to act upon instructions contained in an emergency notice (an “Emergency Instruction Notice”). An Emergency Instruction Notice must be signed by DIG Representatives (provided that, any Secondary Market Guarantor in respect of Class A FG Covered Bonds shall constitute the DIG Representatives for the Emergency Instruction Procedure despite a Default Situation subsisting) (the “EIN Signatories”) representing 66<sup>2</sup>/<sub>3</sub> per cent. or more of the aggregate Outstanding Principal Amount of the Qualifying Class A Debt or following repayment in full of the Class A Debt, the Class B Debt after, *inter alia*, excluding the proportion of Qualifying Debt in respect of which the Bond Trustee is the DIG Representative and in respect of which the Bond Trustee has not voted. The Emergency Instruction Notice must specify the emergency action which the Security Trustee is being instructed to take and must certify that, unless such action is taken within the time frame specified in the Emergency Instruction Notice, the interests of the EIN Signatories will be materially prejudiced.

(b) *Meetings of Bondholders*

The Bond Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the modification of the Bonds, the Receipts, the Coupons or any of the provisions of the Bond Trust Deed, (in the case of Class A Wrapped Bonds and Class B Wrapped Bonds) the Financial Guarantees and any other Finance Document to which the Bond Trustee is a party (subject to the terms of the STID). Any modification may (except in relation to any Entrenched Right or Reserved Matter of the Bond Trustee (as set out in the STID) subject to the terms of the STID including, in the case of any of the Class A Wrapped Bonds or Class B Wrapped Bonds, to Entrenched Rights or Reserved Matters of any Financial Guarantor (as set out in the STID) and subject to the provisions concerning ratification and/or meetings of particular combinations of Sub-Classes of Bonds as set out in Condition 16(b) (*Exercise of rights by Bond Trustee*) and the Bond Trust Deed), be made if sanctioned by a resolution passed at a meeting of such Bondholders duly convened and held in accordance with the Bond Trust Deed by a majority of not less than three-quarters of the votes cast (an “Extraordinary Resolution”) at such meeting. Such a meeting may be convened by the Bond Trustee or the Issuer, and shall be convened by the Issuer upon the request in writing of the relevant Bondholders holding not less than one-tenth in nominal amount of the relevant Bonds for the time being Outstanding.

The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. in nominal amount of the relevant Bonds for the time being Outstanding or, at any adjourned meeting, one or more persons being or representing Bondholders, whatever the nominal amount of the relevant Bonds held or represented, provided however, that certain matters as set out in paragraph 5 of the Fourth Schedule to the Bond Trust Deed (the “Basic Terms Modifications”) in respect of the holders of any particular Sub-Class of Bonds may be sanctioned only by an Extraordinary Resolution passed at a meeting of Bondholders of the relevant Sub-Class of Bonds at which one or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one-quarter in nominal amount of the Outstanding Bonds form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the relevant Bondholders, Receiptholders and Couponholders whether present or not.

In addition, a resolution in writing signed by or on behalf of all Bondholders who for the time being are entitled to receive notice of a meeting of Bondholders under the Bond Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(c) *Modification, consent and waiver*

As more fully set out in the Bond Trust Deed (and subject to the conditions and qualifications therein), the Bond Trustee may, without the consent of the Bondholders of any Sub-Class, concur with the Issuer or any other relevant parties in making (i) any modification of these Conditions, the Bond Trust Deed, any Financial Guarantee or any Finance Document which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law; and (ii) (except as mentioned in the Bond Trust Deed and subject to the terms of the STID) any other modification and granting any consent under or waiver or authorisation of any breach or proposed breach of these Conditions, the Bond Trust Deed, such Financial Guarantee or any such Finance Document or other document which is, in the opinion of the Bond Trustee, not materially prejudicial to the interests of the Bondholders of that Sub-Class. The Bond Trustee shall, at the request of the Issuer, without the consent or sanction of the Bondholders of any Sub-Class, agree to such amendments to the Bond Trust Deed or these Conditions as may be required by the Issuer to transfer the listing of any Sub-Class of Bonds between the Irish Stock Exchange and the London Stock Exchange, provided that (i) the Bond Trustee has received a certificate signed by two directors of the Issuer certifying that (a) such amendments do not constitute Basic Terms Modifications and (b) such amendments are required to effect such transfer and are only intended to give effect to such transfer (upon which certificate the Bond Trustee shall be entitled to rely without further enquiry) and (ii) such amendments do not require the Bond Trustee to undertake any more onerous duties or responsibilities or impose on the Bond Trustee any additional liabilities beyond those set out in the Bond Trust Deed. Any such modification, consent, waiver or authorisation shall be binding on the Bondholders of that Sub-Class, and the holders of all relevant Receipts and Coupons and, if the Bond Trustee so requires, notice thereof shall be given by the Issuer to the Bondholders of that Sub-Class as soon as practicable thereafter.

The Bond Trustee shall be entitled to assume that any such modification, consent, waiver or authorisation is not materially prejudicial to the Bondholders if the Rating Agencies confirm that there will not be any adverse effect thereof on the original issue ratings of the Bonds.

(d) *Substitution of the Issuer*

As more fully set forth in the STID (and subject to the conditions and qualifications therein), the Bond Trustee may also agree with the Issuer, without reference to the Bondholders, to the substitution of another corporation in place of the Issuer as principal debtor in respect of the Bond Trust Deed and the Bonds of all Series and subject to the Wrapped Bonds continuing to be subject to a Financial Guarantee of the relevant Financial Guarantor.

## **16 Bond Trustee Protections**

(a) *Trustee considerations*

Subject to the terms of the STID and Condition 16(b) (*Exercise of rights by Bond Trustee*), in connection with the exercise, under these Conditions, the Bond Trust Deed, any Financial Guarantee or any Finance Document, of its rights, powers, trusts, authorities and discretions (including any modification, consent, waiver or authorisation), the Bond Trustee shall have regard to the interests of the holders of the Bonds provided that, if the Bond Trustee considers, in its sole opinion, that there is a conflict of interest between the interests of the holders of the Class A Bonds and the interests of the holders of the Class B Bonds, the Bond Trustee shall give priority to the interests of the holders of the Class A Bonds whose interests shall prevail. Where, in the sole opinion of the Bond Trustee, there is a conflict between holders of two or more Sub-Classes of Bonds of the same Class, it shall consider the interests of the holders of the Sub-Class of Bonds with the shortest dated maturity and, in either case,

will not have regard to the consequences of such exercise for the holders of other Sub-Classes of Bonds or for individual Bondholders, resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. The Bond Trustee shall not be entitled to require from the Issuer or any Financial Guarantor, nor shall any Bondholders be entitled to claim from the Issuer, any Financial Guarantor or the Bond Trustee, any indemnification or other payment in respect of any consequence (including any tax consequence) for individual Bondholders of any such exercise.

(b) *Exercise of rights by Bond Trustee*

Except as otherwise provided in these Conditions and the Bond Trust Deed, when exercising any rights, powers, trusts, authorities and discretions relating to or contained in these Conditions or the Bond Trust Deed (other than in determining or in respect of any Entrenched Right or Reserved Matter relating to the Bonds or any other Basic Terms Modification), which affects or relates to any Class A Wrapped Bonds and/or Class B Wrapped Bonds, the Bond Trustee shall only act on the instructions of the relevant Financial Guarantor(s) (provided no FG Event of Default has occurred and is continuing) in accordance with the provisions of the Bond Trust Deed and the Bond Trustee shall not be required to have regard to the interests of the Bondholders in relation to the exercise of such rights, powers, trusts, authorities and discretions and shall have no liability to any Bondholders as a consequence of so acting. As a consequence of being required to act only on the instructions of the relevant Financial Guarantor(s) in the circumstances referred to in the previous sentence, the Bond Trustee may not, notwithstanding the provisions of these Conditions, be entitled to act on behalf of the holders of any Sub-Classes of Bonds. Subject as provided in these Conditions and the Bond Trust Deed, the Bond Trustee will exercise its rights under, or in relation to, the Bond Trust Deed, the Conditions or any Financial Guarantee in accordance with the directions of the relevant Bondholders, but the Bond Trustee shall not be bound as against the Bondholders to take any such action unless it has (a) (in respect of the matters set out in Condition 11 (*Events of default*) and Condition 15(a) (*Decisions of the Majority Creditors*) only) been so requested in writing by the holders of at least 25 per cent. in nominal amount of the relevant Sub-Classes of Bonds Outstanding; or (b) been so directed by an Extraordinary Resolution; and (ii) been indemnified and/or furnished with security to its satisfaction.

(c) *Decisions under STID binding on all Bondholders*

Subject to the provisions of the STID and the Entrenched Rights and Reserved Matters of the Bond Trustee and the Bondholders, decisions of the Majority Creditors and (in a Default Situation) decisions made pursuant to the Emergency Instructions Procedures will bind the Bond Trustee and the Bondholders in all circumstances.

## 17 Notices

Notices to holders of Registered Bonds will be posted to them at their respective addresses in the Register and deemed to have been given on the date of posting. Other notices to Bondholders will be valid if published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*). The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of the Irish Stock Exchange, on which the Bonds are for the time being listed. Any such notice (other than to holders of Registered Bonds as specified above) shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders and Receiptholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Bonds in accordance with this Condition 17.

So long as any Bonds are represented by Global Bonds, notices in respect of those Bonds may be given by delivery of the relevant notice to Euroclear as operator of the Euroclear System or Clearstream, Luxembourg or any other relevant clearing system as specified in the relevant Final Terms or Drawdown Prospectus for communication by them to entitled account holders in substitution for publication in a daily newspaper with general circulation in London. Such notices shall be deemed to have been received by the Bondholders on the day of delivery to such clearing systems.

## **18 Indemnification of the Bond Trustee and Security Trustee**

### *(a) Indemnification of the Bond Trustee*

The Bond Trust Deed contains provisions for indemnification of the Bond Trustee, and for its relief from responsibility, including provisions relieving it from taking any action including taking proceedings against the Issuer, any Financial Guarantor and or any other person unless indemnified and/or secured to its satisfaction. The Bond Trustee or any of its affiliates (as defined in Condition (Indexation)) are entitled to enter into business transactions with the Issuer, any Financial Guarantor, the other Secured Creditors or any of their respective subsidiaries or associated companies without accounting for any profit resulting therefrom.

### *(b) Indemnification of the Security Trustee*

Subject to the Entrenched Rights and Reserved Matters of the Security Trustee, the Security Trustee will only be required to take any action under or in relation to, or to enforce or protect the Security, or any other security interest created by a Finance Document, or a document referred to therein, if instructed to act by the Majority Creditors or Secured Creditors (or their representatives) (as appropriate) and if indemnified to its satisfaction.

### *(c) Directions, Duties and Liabilities*

Neither the Security Trustee nor the Bond Trustee, in the absence of its own wilful misconduct, gross negligence or fraud, and in all cases when acting as directed by or subject to the agreement of the Majority Creditors or Secured Creditors (or their representatives) (as appropriate), shall in any way be responsible for any loss, costs, damages or expenses or other liability, which may result from the exercise or non-exercise of any consent, waiver, power, trust, authority or discretion vested in the Security Trustee or the Bond Trustee pursuant to the STID, any Finance Document or any Ancillary Document.

## **19 European Economic and Monetary Union**

### *(a) Notice of redenomination*

The Issuer may, without the consent of the Bondholders, and on giving at least 30 days' prior notice to the Bondholders, the Financial Guarantors, the Bond Trustee and the Principal Paying Agent, designate a date (the "Redenomination Date"), being an Interest Payment Date under the Bonds falling on or after the date on which the United Kingdom becomes a Participating Member State.

### *(b) Redenomination*

Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:

- (i) the Bonds of each Sub-Class denominated in sterling (the "Sterling Bonds") shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Bond equal to the principal amount of that Bond in sterling, converted into euro at the rate for

conversion of such currency into euro established by the Council of the European Union pursuant to the Treaty establishing the EU, as amended, (including compliance with rules relating to rounding in accordance with European Community regulations), provided, however, that, if the Issuer determines, with the agreement of the Bond Trustee, that the then current market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Bondholders and the Irish Stock Exchange, on which the Bonds are then listed and the Principal Paying Agent of such deemed amendments;

- (ii) if Bonds have been issued in definitive form:
  - (A) all Bonds denominated in sterling will become void with effect from the date (the “Euro Exchange Date”) on which the Issuer gives notice (the “Euro Exchange Notice”) to the Bondholders and the Bond Trustee that replacement Bonds denominated in euro are available for exchange (provided that such Bonds are available) and no payments will be made in respect thereof;
  - (B) the payment obligations contained in all Bonds denominated in sterling will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Bonds in accordance with this Condition 19) shall remain in full force and effect; and
  - (C) new Bonds denominated in euro will be issued in exchange for Sterling Bonds in such manner as the Principal Paying Agent or the Registrar, as the case may be, may specify and as shall be notified to the Bondholders in the Euro Exchange Notice;
- (iii) all payments in respect of the Sterling Bonds (other than, unless the Redenomination Date is on or after such date as sterling ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro by cheque drawn on, or by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Participating Member State; and
- (iv) a Bond may only be presented for payment on a day which is a business day in the place of presentation.

(c) *Interest*

Following redenomination of the Bonds pursuant to this Condition 19:

- (i) where Sterling Bonds have been issued in definitive form, the amount of interest due in respect of the Sterling Bonds will be calculated by reference to the aggregate principal amount of the Sterling Bonds presented for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01; and
- (ii) the amount of interest payable in respect of each Sub-Class of Sterling Bonds for any Interest Period shall be calculated by applying the Interest Rate applicable to the Sub-Class of Bonds denominated in euro ranking *pari passu* to the relevant Sub-Class.



## 20 Miscellaneous

(a) *Governing Law*

The Bond Trust Deed, STID, the Security Agreement, the Bonds, the Coupons, the Receipts, the Talons (if any), the relevant Financial Guarantee (if any) and the other Finance Documents are, and all matters arising from or in connection with such documents shall be governed by, and shall be construed in accordance with, English law.

(b) *Jurisdiction*

The courts of England are to have exclusive jurisdiction to settle any dispute that may arise out of or in connection with the Bonds, the Coupons, the Receipts, the Talons, the relevant Financial Guarantee (if any) and the Finance Documents and accordingly any legal action or proceedings arising out of or in connection with the Bonds, the Coupons, the Receipts, the Talons (if any) the relevant Financial Guarantee (if any) and/or the Finance Document may be brought in such courts. The Issuer has in each of the Finance Documents irrevocably submitted to the jurisdiction of such courts.

(c) *Third Party Rights*

No person shall have any right to enforce any term or condition of the Bonds or the Bond Trust Deed under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any rights or remedy which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

**2 Terms and Conditions of the Series 20 Bonds, the Series 22 Bonds and the Series 24 Bonds (as amended by the Deed of Variation and the Deed of Amendment)**

*[See overleaf]*

## CHAPTER 8 THE BONDS

### Terms and Conditions of the Bonds

*The following is the text of the terms and conditions which (subject to completion in accordance with the provisions of the relevant Final Terms or completion in accordance with the provisions of the relevant Drawdown Prospectus (as defined below) and, save for the italicised paragraphs) will be incorporated into each Global Bond (as defined below) representing Bonds (as defined below) in bearer form, Bonds in definitive form (if any) issued in exchange for the Global Bond(s) representing Bonds in bearer form, each Global Bond Certificate (as defined below) representing Bonds in registered form and each Individual Bond Certificate (as defined below) representing Bonds in registered form (only if such incorporation is permitted by the rules of the relevant stock exchange and agreed by the Issuer). If such incorporation is not so permitted and agreed, each Bond in bearer form and each Individual Bond Certificate representing Bonds in registered form will have endorsed thereon or attached thereto such text (as so completed, amended, varied or supplemented). Further information with respect to each Tranche (as defined below) of Bonds will be given in the relevant Final Terms or Drawdown Prospectus which will provide for those aspects of these Conditions which are applicable to such Tranche (as defined below) of Bonds, including, in the case of Wrapped Bonds (as defined below), the form of Financial Guarantee (as defined below) and endorsement and, in the case of all Sub-Classes (as defined below), the terms of the relevant advance under the relevant Issuer/TWUL Loan Agreement. If a Financial Guarantor (as defined below) is appointed in relation to any Sub-Class of Wrapped Bonds (as specified in the relevant Drawdown Prospectus) a supplement to this Prospectus will be produced providing such information about such Financial Guarantor as may be required by the rules of the Irish Stock Exchange on which such Bonds are admitted to listing and/or trading. References in the Conditions to “Bonds” are, as the context requires, references to the Bonds of one Sub-Class only, not to all Bonds which may be issued under the Programme.*

Thames Water Utilities Cayman Finance Limited (the “Issuer”) has established a guaranteed bond programme (the “Programme”) for the issuance of up to £10,000,000,000 guaranteed bonds (the “Bonds”). Bonds issued under the Programme on a particular Issue Date comprise a Series (a “Series”), and each Series comprises one or more Classes of Bonds (each a “Class”). Each Class may comprise one or more sub-classes (each a “Sub-Class”) and each Sub-Class comprising one or more tranches (each a “Tranche”).

Certain of the Bonds will be subject to a Financial Guarantee and will be designated as “Class A Wrapped Bonds” or “Class B Wrapped Bonds”. The Bonds which are not subject to a Financial Guarantee will be designated as “Class A Unwrapped Bonds” (and, together with the Class A Wrapped Bonds, the “Class A Bonds”) or “Class B Unwrapped Bonds” (and, together with the Class B Wrapped Bonds, the “Class B Bonds”). Each Sub-Class will be denominated in different currencies or will have different interest rates, maturity dates or other terms. Bonds of any Class may be zero coupon bonds (“Zero Coupon Bonds”), fixed rate bonds (“Fixed Rate Bonds”), floating rate bonds (“Floating Rate Bonds”), index-linked bonds (“Indexed Bonds”), dual currency bonds (“Dual Currency Bonds”) or instalment bonds (“Instalment Bonds”) depending on the method of calculating interest payable in respect of such Bonds and may be denominated in sterling, euro, U.S. dollars or in other currencies subject to compliance with applicable law.

The terms and conditions applicable to any particular Sub-Class of Bonds are these terms and conditions (“Conditions”) as supplemented, amended and/or replaced by a set of final terms in relation to such Sub-Class (a “Final Terms”) or a drawdown prospectus (a “Drawdown Prospectus”). In the event of any inconsistency between these Conditions and the relevant Final Terms or Drawdown Prospectus, the relevant Final Terms or Drawdown Prospectus (as applicable) shall prevail.

The Final Terms or Drawdown Prospectus for the Bonds (or the relevant provisions thereof) supplements these Conditions and a Drawdown Prospectus may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of the Bonds. Reference to “Final Terms” or “Drawdown Prospectus” is to the Final Terms or, as the case may be, Drawdown Prospectus (or the relevant provisions thereof) applicable to the Bonds.

The Bonds are subject to and have the benefit of a trust deed dated the Initial Issue Date (as defined below) (as amended, supplemented, restated and/or novated from time to time, the “Bond Trust Deed”) between the Issuer, any Financial Guarantor (as defined below) acceding thereto and Deutsche Trustee Company Limited as trustee (the “Bond Trustee”, which expression includes the trustee or trustees for the time being of the Bond Trust Deed).

The Class A Wrapped Bonds and the Class B Wrapped Bonds (each “Wrapped Bonds”) alone will be unconditionally and irrevocably guaranteed as to scheduled payments of principal and interest (as adjusted for indexation, as applicable, but excluding any additional amounts relating to premium, prepayment or acceleration, accelerated amounts and amounts (if any), in the case of Fixed Rate Bonds or Indexed Bonds (other than deferred interest), representing step-up fees at a rate specified in the relevant Drawdown Prospectus in excess of the initial Coupons on such Sub-Class as at the relevant Issue Date (as defined in Condition 6(m) (*Definitions*)), and, in the case of Floating Rate Bonds, representing step-up fees at a rate specified in the relevant Drawdown Prospectus in excess of the initial Margin on the Coupons on such Sub-Class as at the relevant Issue Date (as defined in Condition 6(m) (*Definitions*)) (in each case, the “Subordinated Step-up Fee Amounts”), all such amounts being the “FG Excepted Amounts”) pursuant to a financial guarantee (each, a “Financial Guarantee”) to be issued by financial guarantors (each a “Financial Guarantor”) in conjunction with the issue of each Sub-Class of Bonds.

Neither of the Class A Unwrapped Bonds or the Class B Unwrapped Bonds (each “Unwrapped Bonds”) will have the benefit of any such Financial Guarantee.

The Bonds have the benefit (to the extent applicable) of an agency agreement (as amended, supplemented and/or restated from time to time, the “Agency Agreement”) dated the Initial Issue Date (to which the Issuer, the Bond Trustee, the Principal Paying Agent and the other Paying Agents (in the case of Bearer Bonds) or the Transfer Agents and the Registrar (in the case of Registered Bonds) are party). As used herein, each of “Principal Paying Agent”, “Paying Agents”, “Agent Bank”, “Transfer Agents” and/or “Registrar” means, in relation to the Bonds, the persons specified in the Agency Agreement as the Principal Paying Agent, Paying Agents, Agent Bank, Transfer Agents and/or Registrar, respectively, and, in each case, any successor to such person in such capacity. The Bonds may also have the benefit (to the extent applicable) of a calculation agency agreement (in the form or substantially in the form of Schedule 1 to the Agency Agreement, the “Calculation Agency Agreement”) between, *inter alios*, the Issuer and any calculation agent appointed by the Issuer as calculation agent (the “Calculation Agent”).

On 30 August 2007 (the “Initial Issue Date”), the Issuer entered into a security agreement (the “Security Agreement”) with Deutsche Trustee Company Limited as security trustee (the “Security Trustee”), pursuant to which the Issuer granted certain fixed and floating charge security (the “Issuer Security”) to the Security Trustee for itself and on behalf of the Bond Trustee (for itself and on behalf of the Bondholders), the Bondholders, each TWUF Bond Trustee (for itself and on behalf of the relevant Secured TWUF Bondholders), the Secured TWUF Bondholders, each Financial Guarantor, the Issuer, TWUF, each Liquidity Facility Provider, any Liquidity Facility Arrangers, each Finance Lessor, the Hedge Counterparties, the Liquidity Facility Agents, the Initial Credit Facility Agent, the Initial Credit Facility Providers, each Authorised Credit Provider (as defined below), each Agent, the Account Bank, the Cash Manager (other than when the Cash Manager is TWUL), the Standstill Cash Manager and any Additional Secured Creditors (each as defined therein) (together with the Security Trustee, the “Secured Creditors”). On the Initial Issue Date, the Issuer entered into a Security Trust and Intercreditor Deed (the “STID”) with, among others, the Security Trustee, other Secured Creditors and certain Secondary Market Guarantors and pursuant to which the Security Trustee holds the Security on trust for itself and the other Secured Creditors and the Secured Creditors and the Secondary Market Guarantors agree to certain intercreditor arrangements.

The Issuer entered into a dealership agreement dated 24 August 2007 (as amended, supplemented and/or restated from time to time, the “Dealership Agreement”) with the dealers named therein (the “Dealers”) in respect of the Programme, pursuant to which any of the Dealers may enter into a subscription agreement in relation to each Sub-Class of Bonds issued by the Issuer, and pursuant to which the Dealers have agreed to subscribe for the relevant Sub-Class of Bonds. In any subscription agreement relating to a Sub-Class of Bonds, any of the Dealers may agree to procure subscribers to subscribe for the relevant Sub-Class of Bonds.

On the Initial Issue Date, the Issuer entered into a Common Terms Agreement (the “Common Terms Agreement”) with, among others, the Security Trustee, pursuant to which the Issuer makes certain representations, warranties and covenants and which sets out in Schedule 7 thereof the Events of Default (as defined therein) in relation to the Bonds.

The Issuer has entered or may enter into liquidity facility agreements (together, the “Liquidity Facility Agreements”) with certain liquidity facility providers (together, the “Liquidity Facility Providers”) pursuant to which the Liquidity Facility Providers agree to make certain facilities available to meet liquidity shortfalls (including debt service liquidity shortfalls and shortfalls in operating and maintenance expenditure of TWUL).

The Issuer has entered or may enter into certain revolving credit facilities (together, the “Authorised Credit Facilities”) with certain lenders (the “Authorised Credit Providers”), pursuant to which the Authorised Credit Providers agree to make certain facilities available to the Issuer for the purpose of funding certain working capital, capital expenditure and other expenses of the TWU Financing Group.

TWUL and/or the Issuer and/or TWUF may enter into certain currency, index linked and interest rate hedging agreements (together, the “Hedging Agreements”) with certain hedge counterparties (together the “Hedge Counterparties”) in respect of certain Sub-Classes of Bonds and Authorised Credit Facilities, pursuant to which the Issuer, TWUF or TWUL, as the case may be, hedges certain of its currency, index linked and interest rate obligations.

The Bond Trust Deed, the Bonds (including the applicable Final Terms) or Drawdown Prospectus, the Secured TWUF Bond Trust Deeds, the Secured TWUF Bonds (including the applicable final terms), the Security Agreement, the STID, (the STID, the Security Agreement and any other documentation evidencing or creating security over any asset of an Obligor to a Secured Creditor under the Finance Documents being together the “Security Documents”), the Financial Guarantee Fee Letters, the Finance Lease Documents, the Agency Agreement, the Liquidity Facility Agreements, the Hedging Agreements, the Initial Credit Facility Agreement, the Issuer/TWUL Loan Agreements, the TWUF/TWUL Loan Agreements, the TWUL/TWH Loan Agreement, the G&R Deeds, the Financial Guarantees, the CTA, the CP Agreement, the Existing Authorised Credit Finance Contracts, any other Authorised Credit Facilities, the master definitions agreement between, among others, the Issuer and the Security Trustee dated the Initial Issue Date (as amended, supplemented and/or restated from time to time, the “Master Definitions Agreement”), the account bank agreement between, among others, the account bank, the Issuer and the Security Trustee (the “Account Bank Agreement”), the Tax Deed of Covenant, any indemnification deed between, among others, a Financial Guarantor and the Dealers (an “Indemnification Deed”) and any related security document (each, if not defined above, as defined below or in the Master Definitions Agreement) are, in relation to the Bonds, (and together with each other agreement or instrument between TWUL or the Issuer (as applicable) and an Additional Secured Creditor designated as a Finance Document by TWUL or the Issuer (as applicable), the Security Trustee and such Additional Secured Creditor in the Accession Memorandum of such Additional Secured Creditor) together referred to as the “Finance Documents”.

Terms not defined in these Conditions have the meaning set out in the Master Definitions Agreement.

Certain statements in these Conditions are summaries of the detailed provisions appearing on the face of the Bonds (which expression shall include the body thereof), in the relevant Final Terms or Drawdown Prospectus or in the Bond Trust Deed, the Security Agreement or the STID. Copies of, *inter alia*, the Finance Documents are available

for inspection during normal business hours at the specified offices of the Principal Paying Agent (in the case of bearer Bonds) or the specified offices of the Transfer Agents and the Registrar (in the case of registered Bonds).

The Bondholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Bond Trust Deed, the STID, the Security Agreement, the CTA and the relevant Final Terms or Drawdown Prospectus and to have notice of those provisions of the Agency Agreement and the other Finance Documents applicable to them.

Any reference in these conditions to a matter being “specified” means as the same may be specified in the relevant Final Terms or Drawdown Prospectus.

## **1 Form, Denomination and Title**

### *(a) Form and Denomination*

The Bonds are in bearer form (“Bearer Bonds”) or in registered form (“Registered Bonds”) as specified in the applicable Final Terms or Drawdown Prospectus and, serially numbered in the Specified Denomination(s) provided that in the case of any Bonds which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Bonds). Bonds of one Specified Denomination may not be exchanged for Bonds of another Specified Denomination and Registered Bonds may not be exchanged for Bearer Bonds and *vice versa*. References in these Conditions to “Bonds” include Bearer Bonds and Registered Bonds and all Sub-Classes, Classes, Tranches and Series.

Interest-bearing Bearer Bonds are issued with Coupons (as defined below) (and, where appropriate, a Talon, (as defined below)) attached. After all the Coupons attached to, or issued in respect of, any Bearer Bond which was issued with a Talon have matured, a coupon sheet comprising further Coupons (other than Coupons which would be void) and (if necessary) one further Talon will be issued against presentation of the relevant Talon at the specified office of any Paying Agent. Any Bearer Bond the principal amount of which is redeemable in instalments may be issued with one or more Receipts (as defined below) (and, where appropriate, a Talon) attached thereto. After all the Receipts attached to, or issued in respect of, any Instalment Bond which was issued with a Talon have matured, a receipt sheet comprising further Receipts (other than Receipts which would be void) and (if necessary) a further Talon will be issued against presentation of the relevant Talon at the specified office of any Paying Agent.

### *(b) Title*

Title to Bearer Bonds, Coupons, Receipts and Talons (if any) passes by delivery. Title to Registered Bonds passes by registration in the register (the “Register”), which the Issuer shall procure to be kept by the Registrar.

In these Conditions, subject as provided below, each “Bondholder” (in relation to a Bond, Coupon, Receipt or Talon), “holder” and “Holder” means (i) in relation to a Bearer Bond, the bearer of any Bearer Bond, Coupon, Receipt or Talon (as the case may be) and (ii) in relation to Registered Bond, the person in whose name a Registered Bond is registered, as the case may be. The expressions “Bondholder”, “holder” and “Holder” include the holders of instalment receipts (which, in relation to Class A Bonds will be “Class A Receipts”, in relation to Class B Bonds, “Class B Receipts” and together, the “Receipts”), appertaining to the payment of principal by instalments (if any) attached to such Bonds in bearer form (the “Receiptholders”), the holders of the coupons (which, in relation to Class A Bonds will be “Class A Coupons”, in relation to Class B Bonds, “Class B Coupons” and

together, the “Coupons”) (if any) appertaining to interest bearing Bonds in bearer form (the “Couponholders”), and the expression Couponholders or Receiptholders includes the holders of talons in relation to Coupons or Receipts as applicable, (which, in relation to Class A Bonds will be “Class A Talons”, in relation to Class B Bonds, “Class B Talons” and together, the “Talons”) (if any) for further coupons or receipts, as applicable attached to such Bonds (the “Talonholders”).

The bearer of any Bearer Bond, Coupon, Receipt or Talon and the registered holder of any Registered Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the relevant Bond, or its theft or loss or any express or constructive notice of any claim by any other person of any interest therein other than, in the case of a Registered Bond, a duly executed transfer of such Bond in the form endorsed on the Bond Certificate in respect thereof) and no person will be liable for so treating the holder.

Bonds which are represented by a Global Bond or Global Bond Certificate 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 Drawdown Prospectus or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Bond Trustee.

(c) *Fungible Issues of Bonds comprising a Sub-Class*

A Sub-Class of Bonds may comprise a number of issues in addition to the initial Tranche of such Sub-Class, each of which will be issued on identical terms save for the first Interest Payment Date, the Issue Date and the Issue Price. Such further issues of the same Sub-Class will be consolidated and form a Series with the prior issues of that Sub-Class.

## **2 Exchanges of Bearer Bonds for Registered Bonds and Transfers of Registered Bonds**

(a) *Exchange of Bonds*

Subject to Condition 2(e) (*Closed Periods*), Bearer Bonds may, if so specified in the relevant Final Terms or Drawdown Prospectus, be exchanged at the expense of the transferor Bondholder for the same aggregate principal amount of Registered Bonds at the request in writing of the relevant Bondholder and upon surrender of the Bearer Bond to be exchanged together with all unmatured Coupons, Receipts and Talons (if any) relating to it at the specified office of the Registrar or any Transfer Agent or Paying Agent. Where, however, a Bearer Bond is surrendered for exchange after the Record Date (as defined below) for any payment of interest or Interest Amount (as defined below), the Coupon in respect of that payment of interest or Interest Amount need not be surrendered with it.

Registered Bonds may not be exchanged for Bearer Bonds.

(b) *Transfer of Registered Bonds*

A Registered Bond may be transferred upon the surrender of the relevant Individual Bond Certificate, together with the form of transfer endorsed on it duly completed and executed, at the specified office of any Transfer Agent or the Registrar. However, a Registered Bond may not be transferred unless (i) the principal amount of Registered Bonds proposed to be transferred; and (ii) the principal amount of the Registered Bonds proposed to be the principal amount of the balance of Registered Bonds to be retained by the relevant transferor are, in each case, Specified Denominations (as specified in the relevant Final Terms or Drawdown Prospectus). In the case of a transfer of part only of a holding of

Registered Bonds represented by an Individual Bond Certificate, a new Individual Bond Certificate in respect of the balance not transferred will be issued to the transferor within three business days (in the place of the specified office of the Transfer Agent or the Registrar) of receipt of such form of transfer.

(c) *Delivery of New Individual Bond Certificates*

Each new Individual Bond Certificate to be issued upon exchange of Bearer Bonds or transfer of Registered Bonds will, within three business days (in the place of the specified office of the Transfer Agent or the Registrar) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or the Registrar stipulated in the request for exchange or form of transfer, or be mailed at the risk of the Bondholder entitled to the Individual Bond Certificate to such address as may be specified in such request or form of transfer. For these purposes, a form of transfer or request for exchange received by the Registrar after the Record Date (as defined below) in respect of any payment due in respect of Registered Bonds shall be deemed not to be effectively received by the Registrar until the business day (as defined below) following the due date for such payment.

(d) *Exchange at the Expense of Transferor Bondholder*

Registration of Bonds on exchange or transfer will be effected at the expense of the transferor Bondholder by or on behalf of the Issuer, the Transfer Agent or the Registrar, and upon payment of (or the giving of such indemnity as the Transfer Agent or the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.

(e) *Closed Periods*

No transfer of a Registered Bond may be registered, nor any exchange of a Bearer Bond for a Registered Bond may occur during the period of 15 days ending on the due date for any payment of principal, interest, Interest Amount (as defined below) or Redemption Amount (as defined below) on that Bond.

### **3 Status of Bonds and Financial Guarantee**

(a) *Status of Class A Bonds*

This Condition 3(a) is applicable only in relation to Bonds which are specified as being a Sub-Class of Class A Bonds.

The Class A Bonds, Class A Coupons, Class A Talons and Class A Receipts (if any) are direct and unconditional obligations of the Issuer, are secured in the manner described in Condition 4 (*Security, Priority and Relationship with Secured Creditors*) and rank *pari passu* without any preference among themselves. However, the Class A Unwrapped Bonds will not have the benefit of any Financial Guarantee.

(b) *Status of Class B Bonds*

This Condition 3(b) is applicable only in relation to Bonds which are specified as being a Sub-Class of Class B Bonds.

The Class B Bonds, Class B Coupons, Class B Talons and Class B Receipts (if any) are direct and unconditional obligations of the Issuer, are secured in the manner described in Condition 4 (*Security, Priority and Relationship with Secured Creditors*), are subordinated to the Class A Bonds, Class A Coupons, Class A Receipts and Class A Talons (if any) and rank *pari passu* without any preference



among themselves. However, the Class B Unwrapped Bonds will not have the benefit of any Financial Guarantee.

(c) *Financial Guarantee Issued by Financial Guarantor*

This Condition 3(c) is applicable only in relation to Bonds which are specified as being a Sub-Class of Wrapped Bonds (which may only be issued by way of Drawdown Prospectus).

Each Sub-Class of each Class of Wrapped Bonds will have the benefit of a Financial Guarantee issued by a Financial Guarantor, issued pursuant to a guarantee and reimbursement deed between, amongst others, the Issuer and a Financial Guarantor dated on or before the relevant Issue Date (as defined below) of such Bonds (each a "G&R Deed"). Under the relevant Financial Guarantee, the relevant Financial Guarantor unconditionally and irrevocably agrees to pay to the Bond Trustee all sums due and payable but unpaid by the Issuer in respect of scheduled interest and payment of principal (but excluding FG Excepted Amounts) on such Wrapped Bonds, all as more particularly described in the relevant Financial Guarantee.

The terms of the relevant Financial Guarantee provide that amounts of principal on any such Bonds which have become immediately due and payable (whether by virtue of acceleration, prepayment or otherwise) other than on the relevant Payment Date (as defined under the Financial Guarantee) will not be treated as Guaranteed Amounts (as defined in the Financial Guarantee) which are Due for Payment (as defined in the Financial Guarantee) under the Financial Guarantee unless the Financial Guarantor in its sole discretion elects so to do by notice in writing to the Bond Trustee. The Financial Guarantor may elect to accelerate payments due under the Financial Guarantee in full or in part. All payments made by the relevant Financial Guarantor under the relevant Financial Guarantee in respect of partial acceleration shall be applied (i) to pay the Interest (as defined in the relevant Financial Guarantee) accrued but unpaid on the Principal (as defined in the relevant Financial Guarantee) of such part of the accelerated payment; and (ii) to reduce the Principal (as defined in the relevant Financial Guarantee) (or, in the case of Wrapped Bonds repayable in instalments, each principal repayment instalment on a pro rata basis with a corresponding reduction of each amount of the Interest (as determined in the Financial Guarantee)) outstanding under the relevant Sub-Classes of Wrapped Bonds. If no such election is made, the Financial Guarantor will continue to be liable to make payments in respect of the Bonds pursuant to the relevant Financial Guarantee on the dates on which such payments would have been required to be made if such amounts had not become immediately due and payable.

To the extent that the early redemption price of any Bonds exceeds the aggregate of the Principal Amount Outstanding of and any accrued interest outstanding on any such Bonds to be redeemed (each as adjusted for indexation in accordance with Condition 7(b) (Application of the Index Ratio), if applicable), payment of such early redemption price will not be guaranteed by the Financial Guarantor under the relevant Financial Guarantee.

(d) *Status of Financial Guarantee*

This Condition 3(d) is applicable only in relation to Bonds which are specified as being a Sub-Class of Wrapped Bonds (which may only be issued by way of Drawdown Prospectus).

The relevant Financial Guarantee provided by the Financial Guarantor in respect of the Bonds will constitute a direct, unsecured obligation of the Financial Guarantor which will rank at least *pari passu* with all other unsecured obligations of such Financial Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(e) *Security Trustee not responsible for monitoring compliance*

Subject to certain exceptions, when granting any consent or waiver or exercising any power, trust, authority or discretion relating to or contained in the STID, the other Finance Documents or any Ancillary Documents, the Security Trustee will act in accordance with its sole discretion (where granted such right) or as directed, requested or instructed by or subject to the agreement of the Majority Creditors or, in particular cases, other specified parties and in accordance with the provisions of the STID.

The Security Trustee shall not be responsible for monitoring compliance by TWUL with any of its obligations under the Finance Documents to which it is a party except by means of receipt from TWUL of certificates of compliance which TWUL has covenanted to deliver to the Security Trustee pursuant to the provisions of the CTA and which will state among other things, that no Default is outstanding. The Security Trustee shall be entitled to rely on certificates absolutely unless it is instructed otherwise by the Majority Creditors in which case it will be bound to act on such instructions in accordance with the STID. The Security Trustee is not responsible for monitoring compliance by any of the parties with their respective obligations under the Finance Documents. The Security Trustee may call for and is at liberty to accept as sufficient evidence a certificate signed by any two Authorised Signatories of any Obligor or any other party to any Finance Document to the effect that any particular dealing, transaction, step or thing is in the opinion of the persons so certifying suitable or expedient or as to any other fact or matter upon which the Security Trustee may require to be satisfied. The Security Trustee is in no way bound to call for further evidence or be responsible for any loss that may be occasioned by acting on any such certificate although the same may contain some error or is not authentic. The Security Trustee is entitled to rely upon any certificate believed by it to be genuine and will not be liable for so acting.

All Bondholders shall (on providing sufficient evidence of identity) be entitled to view a copy of the Periodic Information as and when available to the Security Trustee pursuant to the terms of the CTA and to view a copy of the unaudited interim accounts and audited annual accounts of TWUL within 90 days of 30 September and 180 days of 31 March of each year, respectively.

In addition, each Guarantor has covenanted to provide the Security Trustee with certain additional information (as set out in Schedule 5, Part 1 “Information Covenants” of the CTA). Such information may be published on a website designated by the relevant Guarantor and the Security Trustee.

In the event the relevant website cannot be accessed for technical reasons or is non-operational or is infected by an electronic virus or function software for a period of five consecutive days, all such information set out above which would otherwise be available will be delivered to the Security Trustee in paper form for onward delivery to the Bond Trustee and the Agents. Copies of such information will be available for inspection at the specified office of the Agents and the Bond Trustee.

#### **4 Security, Priority and Relationship with Secured Creditors**

(a) *Guarantee and Security*

Under the Security Agreement, Thames Water Utilities Holdings Limited (“TWH”) guarantees the obligations of each other Obligor under the Finance Documents and TWUL, TWUF, TWUCFH and the Issuer will guarantee the obligations of each other under the Finance Documents, in each case to the Security Trustee for itself and on behalf of the Secured Creditors (including, without limitation, the Bond Trustee for itself and on behalf of the Bondholders) and secures such obligations upon the whole of its property, undertaking, rights and assets, subject to certain specified exceptions and, in the case of

TWUL, to the terms of the Instrument of Appointment (as defined below) and any requirements thereunder or the Act (as defined below). There is no intention to create further security for the benefit of the holders of Bonds issued after the Initial Issue Date. All Bonds issued by the Issuer under the Programme and any additional creditor of the Issuer acceding to the STID will share in the security (the “Security”) constituted by the Security Documents.

In these Conditions:

the “Act” means the United Kingdom Water Industry Act 1991 (as amended); and “Instrument of Appointment” means the instrument of appointment dated 1989 as amended under which the Secretary of State for the Environment appointed TWUL as a water and sewerage undertaker under the Act for the areas described in the Instrument of Appointment, as modified or amended from time to time.

“Obligors” means TWUL, TWUF, TWH, TWUCFH and the Issuer.

(b) *Relationship among Bondholders and with other Secured Creditors*

The Bond Trust Deed contains provisions detailing the Bond Trustee’s obligations to consider the interests of the Bondholders as regards all powers, trusts and authorities, duties and discretions of the Bond Trustee (except where expressly provided or otherwise referred to in Condition 16 (*Bond Trustee Protections*)).

The STID provides that the Security Trustee (except in relation to its Reserved Matters and Entrenched Rights and subject to certain exceptions) will act on instructions of the Majority Creditors (including the Bond Trustee as trustee for and representative of the holders of each Sub-Class of Wrapped Bonds (following the occurrence of an FG Event of Default in respect of the Financial Guarantor of such Wrapped Bonds which is continuing) and the holders of Unwrapped Bonds) and, when so doing, the Security Trustee is not required to have regard to the interests of any Secured Creditor (including the Bond Trustee as trustee for and representative of the Bondholders or any individual Bondholder) in relation to the exercise of such rights and, consequently, has no liability to the Bondholders as a consequence of so acting.

(c) *Enforceable Security*

In the event of the Security becoming enforceable as provided in the STID, the Security Trustee shall, if instructed by the Majority Creditors, enforce its rights with respect to the Security, but without any liability as to the consequence of such action and without having regard to the effect thereof on, or being required to account for such action to, any particular Bondholder, provided that the Security Trustee shall not be obliged to take any action unless it is indemnified and/or secured to its satisfaction.

(d) *Application After Enforcement*

After enforcement of the Security, the Security Trustee shall (to the extent that such funds are available) use funds standing to the credit of the Accounts (other than the Excluded Accounts) to make payments in accordance with the Payment Priorities (as set out in the CTA).

(e) *Bond Trustee and Security Trustee not liable for security*

The Bond Trustee and the Security Trustee will not be liable for any failure to make the usual investigations or any investigations which might be made by a security holder in relation to the property which is the subject of the Security, and shall not be bound to enquire into or be liable for any defect or failure in the right or title of the relevant Obligor to the Security, whether such defect or failure was known to the Bond Trustee or the Security Trustee or might have been discovered upon

examination or enquiry or whether capable of remedy or not, nor will it have any liability for the enforceability of the Security created under the Security Documents whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting such Security. The Bond Trustee and the Security Trustee have no responsibility for the value of any such Security.

## 5 Issuer Covenants

So long as any of the Bonds remain Outstanding, the Issuer has agreed to comply with the covenants as set out in Schedule 4 of the CTA.

The Bond Trustee shall be entitled to rely absolutely on a certificate of any director of the Issuer in relation to any matter relating to such covenants and to accept without liability any such certificate as sufficient evidence of the relevant fact or matter stated in such certificate.

## 6 Interest and other calculations

### (a) *Interest on Fixed Rate Bonds and Indexed Bonds*

This Condition 6(a) is applicable only if the relevant Final Terms or Drawdown Prospectus specifies the Bonds as Fixed Rate Bonds or Indexed Bonds.

Each Fixed Rate Bond and Indexed Bond bears interest on its Principal Amount Outstanding and, if it is an Indexed Bond, adjusted for indexation in accordance with Condition 7 (*Indexation*) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Interest Rate(s). Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

For the avoidance of doubt, the amount of interest payable in respect of each Bond shall be the amount of interest payable per Calculation Amount multiplied by the Principal Amount Outstanding of such Bond and divided by the Calculation Amount and rounding the resultant figure to the nearest unit of the Relevant Currency in accordance with Condition 6(e) (*Rounding*).

The amount of interest payable per Calculation Amount in respect of any Bond for any Fixed Interest Period shall be equal to the product of the Interest Rate, the Calculation Amount specified, and the Day Count Fraction for such Fixed Interest Period and rounding the resultant figure to the nearest unit of the Relevant Currency in accordance with Condition 6(e) (*Rounding*), unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Period, in which case the amount of interest payable per Calculation Amount in respect of such Bond for such Fixed Interest Period shall equal such Interest Amount (or be calculated in accordance with such formula).

Where any Interest Period comprises two or more Fixed Interest Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Fixed Interest Periods.

As used in these 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.

If interest is required to be calculated for a period other than a Fixed Interest Period or if no Fixed Coupon Amount is specified in the applicable Final Terms or Drawdown Prospectus, such interest payable per Calculation Amount shall be calculated (i) in the case of Bonds other than Indexed Bonds, by applying the Interest Rate to the Calculation Amount specified, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest unit of the Relevant

Currency in accordance with Condition 6(e) (*Rounding*) and (ii) in the case of Indexed Bonds, on an Actual/Actual basis.

(b) *Interest on Floating Rate Bonds*

This Condition 6(b) is applicable only if the relevant Final Terms or Drawdown Prospectus specifies the Bonds as Floating Rate Bonds.

(i) *Interest Payment Dates*

Each Floating Rate Bond bears interest on its Principal Amount Outstanding 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 Drawdown Prospectus; or
- (B) if no Specified Interest Payment Date(s) is/are expressly specified in the applicable Final Terms or Drawdown Prospectus, 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 or Drawdown Prospectus 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.

For the avoidance of doubt, the amount of interest payable in respect of each Bond shall be the amount of interest payable per Calculation Amount multiplied by the Principal Amount Outstanding of such Bond and divided by the Calculation Amount and rounding the resultant figure to the nearest unit of the Relevant Currency in accordance with Condition 6(e) (*Rounding*).

(ii) *Interest Rate(s)*

The Interest Rate(s) payable from time to time in respect of the Floating Rate Bonds will be determined in the manner specified herein and the provisions below relating to either Screen Rate Determination or ISDA Determination, depending upon which is specified in the applicable Final Terms or Drawdown Prospectus.

- (A) If “Screen Rate Determination” is specified in the relevant Final Terms or Drawdown Prospectus as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the Bonds for each Interest Period will be determined by the Agent Bank (or the Calculation Agent, if applicable) on the following basis:
  - (1) if the Page (as defined below) displays a rate which is a composite quotation or customarily supplied by one entity, the Agent Bank (or the Calculation Agent, if applicable) will determine the Relevant Rate (as defined in Condition 6(m) (*Definitions*), being either EURIBOR or LIBOR, as specified in the applicable Final Terms or Drawdown Prospectus);
  - (2) in any other case, the Agent Bank (or the Calculation Agent, if applicable) will determine the arithmetic mean of the Relevant Rates (as defined in Condition 6(m) (*Definitions*)) which appear on the Page as of the Relevant Time (as defined in Condition 6(m) (*Definitions*)) on the relevant Interest Determination Date;

- (3) if, in the case of (i) above, such rate does not appear on that Page or, in the case of (ii) above, fewer than two such rates appear on that Page or if, in either case, the Page is unavailable, the Agent Bank (or the Calculation Agent, if applicable) will:
- (A) request the principal Relevant Financial Centre office of each of the Reference Banks (as defined in Condition 6(m) (*Definitions*)) to provide a quotation of the Relevant Rate at approximately the Relevant Time on the relevant Interest Determination Date to prime banks in the Relevant Financial Centre (as defined in Condition 6(m) (*Definitions*)) interbank market (or, if appropriate, money market) in an amount that is representative for a single transaction in that market at that time; and
  - (B) determine the arithmetic mean of such quotations; and
- (4) if fewer than two such quotations are provided as requested in Condition 6(b)(iii), the Agent Bank (or the Calculation Agent, if applicable) will determine the arithmetic mean of the rates (being the rates nearest to the Relevant Rate as determined by the Agent Bank (or the Calculation Agent, if applicable)) quoted by the Reference Banks at approximately 11.00 a.m. (local time in the Relevant Financial Centre of the Relevant Currency) on the first day of the relevant Interest Period (as defined in Condition 6(m) (*Definitions*)) for loans in the Relevant Currency to leading European banks for a period equal to the relevant Interest Period and in the Representative Amount (as defined in Condition 6(m) (*Definitions*)),

and the Interest Rate for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined. However, if the Agent Bank is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Interest Rate applicable to the Bonds during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Bonds in respect of a preceding Interest Period.

- (B) If “ISDA Determination” is specified in the relevant Final Terms or Drawdown Prospectus as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate(s) applicable to the Bonds for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Agent Bank (or the Calculation Agent, if applicable) under an interest rate swap transaction if the Agent Bank (or the Calculation Agent, if applicable) were acting as calculation agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (1) Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms or Drawdown Prospectus;
  - (2) the Designated Maturity (as defined in the ISDA Definitions) is the Specified Duration (as defined in Condition 6(m) (*Definitions*)); and
  - (3) the relevant Reset Date (as defined in the ISDA Definitions) is either (1) if the relevant Floating Rate Option is based on LIBOR for a currency, the first day of

that Interest Period, (2) if the relevant Floating Rate Option is based on EURIBOR, the first day of that Interest Period or (3) in any other case, as specified in the relevant Final Terms or Drawdown Prospectus.

(iii) *Calculations*

The amount of interest payable in respect of any Floating Rate Bond for each Interest Period shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount specified by the Day Count Fraction (as defined in Condition 6(m) (*Definitions*)) and rounding the resultant figure to the nearest unit of the Relevant Currency (rounded in accordance with Condition 6(e) (*Rounding*)).

(c) *Interest on Dual Currency Bonds*

The rate or amount of interest payable in respect of Dual Currency Bonds (other than Dual Currency Bonds which are Zero Coupon Bonds) shall be determined in the manner specified in the applicable Final Terms.

(d) *Minimum Interest Rate and/or Maximum Interest Rate*

If any Maximum Interest Rate or Minimum Interest Rate is specified in the relevant Final Terms or Drawdown Prospectus, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified, as the case may be.

(e) *Rounding*

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified):

- (i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up);
- (ii) all figures will be rounded to seven significant figures (with halves being rounded up); and
- (iii) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes, “unit” means, with respect to any currency other than euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to euro, means 0.01 euro.

(f) *Business Day Convention*

If any date referred to in these Conditions or the relevant Final Terms or Drawdown Prospectus is specified to be subject to adjustment in accordance with a Business Day convention and (x) if there is no numerically corresponding day on the calendar month in which such date should occur or (y) such date would otherwise fall on a day which is not a Business Day (as defined in Condition 6(m) (*Definitions*)), then if the Business Day Convention specified in the relevant Final Terms or Drawdown Prospectus is:

- (i) the “Following Business Day Convention”, such date shall be postponed to the next day which is a Business Day;
- (ii) the “Modified Following Business Day Convention”, such 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 date shall be brought forward to the immediately preceding Business Day; or

(iii) the “Preceding Business Day Convention”, such date shall be brought forward to the immediately preceding Business Day.

(g) *Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts*

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Agent Bank (or the Calculation Agent, if applicable) may be required to calculate any Redemption Amount or the amount of an instalment of scheduled principal (an “Instalment Amount”), obtain any quote or make any determination or calculation, the Agent Bank (or the Calculation Agent, if applicable) will determine the Interest Rate and calculate the Interest Amount for the relevant Interest Period (including, for the avoidance of doubt any applicable Index Ratio to be calculated in accordance with Condition 7(b) (*Application of the Index Ratio*), calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount, Principal Amount Outstanding or any Instalment Amount to be notified to, in the case of Bearer Bonds, the Paying Agents or in the case of Registered Bonds, the Registrar, and, in each case, the Bond Trustee, the Issuer, the Bondholders and the Irish Stock Exchange and each other listing authority, stock exchange and/or quotation system by which the relevant Bonds have then been admitted to listing, trading and/or quotation) as soon as possible after its determination but in no event later than (i) (in case of notification to the Irish Stock Exchange and each other listing authority, stock exchange and/or quotation system by which the relevant Bonds have then been admitted to listing, trading and/or quotation) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate and Interest Amount; or (ii) in all other cases, the fourth Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Sub-Class or Tranche of Bonds are for the time being listed or by which they have been admitted to listing and to the Bondholders in accordance with Condition 17 (*Notices*). If the Bonds become due and payable under Condition 11 (*Events of default*), the accrued interest and the Interest Rate payable in respect of the Bonds shall nevertheless continue to be calculated as previously provided in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made unless otherwise required by the Bond Trustee. If the Calculation Amount is less than the minimum Specified Denomination, the Agent Bank (or the Calculation Agent, if applicable) shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Bond having the minimum Specified Denomination. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Agent Bank (or the Calculation Agent, if applicable) or, as the case may be, the Bond Trustee pursuant to this Condition 6 or Condition 7 (*Indexation*), shall (in the absence of manifest error) be final and binding upon all parties.

(h) *Accrual of Interest*

Interest will cease to accrue on each Bond (or, in the case of the redemption of part only of a Bond, that part only of such Bond) on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (both before



and after judgment) at the Interest Rate in the manner provided in this Condition 6 to the Relevant Date (as defined in Condition 6(m) (*Definitions*)).

(i) *Deferral of interest on Class B Bonds*

This Condition 6(i) is applicable only in relation to Bonds which are specified as being Class B Bonds.

In the case of interest on Class B Bonds only, if, on any Interest Payment Date prior to the taking of Enforcement Action after the termination of a Standstill Period, there are insufficient funds available to the Issuer (after taking into account any amounts available to be drawn under any DSR Liquidity Facility or from the Debt Service Reserve Accounts) to pay such accrued interest, the Issuer's liability to pay such accrued interest will be treated as not having fallen due and will be deferred until the earliest of: (i) the next following Interest Payment Date on which the Issuer has, in accordance with the cash management provisions of Schedule 11 (*Cash Management*) of the CTA, sufficient funds available to pay such deferred amounts (including any interest accrued thereon); (ii) the date on which the Class A Debt has been paid in full; and (iii) an Acceleration of Liabilities (other than a Permitted Hedge Termination, a Permitted Lease Termination or a Permitted EIB Compulsory Prepayment Event) and in the case of a Permitted Share Pledge Acceleration only to the extent that there would be sufficient funds available in accordance with the Payment Priorities to pay such deferred interest (including any interest accrued thereon). Interest will accrue on such deferred interest at the rate otherwise payable on unpaid principal of such Class B Bonds.

(j) *Agent Bank, Calculation Agent and Reference Banks*

The Issuer will procure that there shall at all times be an Agent Bank (and a Calculation Agent, if applicable) and four Reference Banks selected by the Issuer acting through the Agent Bank (or the Calculation Agent, if applicable) with offices in the Relevant Financial Centre if provision is made for them in these Conditions applicable to this Bond and for so long as it is Outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer acting through the Agent Bank (or the Calculation Agent, if applicable) will select another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. If the Agent Bank (or the Calculation Agent, if applicable) is unable or unwilling to act as such or if the Agent Bank (or the Calculation Agent, if applicable) fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint (with the prior written consent of the Bond Trustee) a successor to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

(k) *Determination or Calculation by Bond Trustee*

If the Agent Bank (or the Calculation Agent, if applicable) does not at any time for any reason determine any Interest Rate, Interest Amount, Redemption Amount, Instalment Amount or any other amount to be determined or calculated by it, the Bond Trustee shall (without liability for so doing) determine such Interest Rate, Interest Amount, Redemption Amount, Instalment Amount or other amount as aforesaid at such rate or in such amount as in its absolute discretion (having regard as it shall think fit to the procedures described above, but subject to the terms of the Bond Trust Deed and always subject to any Minimum Interest Rate or Maximum Interest Rate specified in the applicable Final Terms or Drawdown Prospectus) it shall deem fair and reasonable in all the circumstances or, subject as aforesaid, apply the foregoing provisions of this Condition, with any consequential amendments, to the extent that, in its sole opinion, it can do so and in all other respects it shall do so in such manner as it shall, in its absolute discretion, deem fair and reasonable in the circumstances, and each such determination or calculation shall be deemed to have been made by the Agent Bank (or the Calculation Agent, if applicable).

(l) *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 Condition 6 (*Interest and other Calculations*) whether by the Principal Paying Agent, the Agent Bank (or the Calculation Agent, if applicable) or, if applicable, any calculation agent, shall (in the absence of wilful default, negligence, bad faith or manifest error) be binding on the Issuer, TWUL, TWUF, TWH, TWUCFH, the Agent Bank, the Bond Trustee, the Principal Paying Agent, the other Agents and all Bondholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, TWUL, TWUF, TWH, TWUCFH, the Bond Trustee, the Bondholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent, the Agent Bank or, if applicable, any calculation agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(m) *Definitions*

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

“Broken Amount” means the amount specified as such in the relevant Final Terms or Drawdown Prospectus;

“Business Day” means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in London and each (if any) additional city or cities specified in the relevant Final Terms or Drawdown Prospectus; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the principal financial centre of the Relevant Currency (which in the case of a payment in US dollars shall be New York) and in each (if any) additional city or cities specified in the relevant Final Terms or Drawdown Prospectus;

“Calculation Amount” has the meaning specified in the relevant Final Terms or Drawdown Prospectus;

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Bond for any period of time (whether or not constituting an Interest Period, the “Calculation Period”):

- (i) if “Actual/Actual (ICMA)” is specified:
  - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period; and (y) the number of Determination Periods normally ending in any year; and
  - (B) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period; and (2) the number of Determination Periods normally ending in any year; and

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

where:

“Determination Period” means the period from and including a Determination Date in any year but excluding the next Determination Date; and

“Determination Date” means the date specified as such or, if none is so specified, the Interest Payment Date;

- (ii) if “Actual/Actual” or “Actual/Actual (ISDA)” is specified, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if “Actual/365 (Fixed)” is specified, the actual number of days in the Calculation Period divided by 365;
- (iv) if “Actual/360” is specified, the actual number of days in the Calculation Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30”;

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

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31, in which case D2 will be 30”;

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

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

“EURIBOR” means the rate for Euro deposits for such period as specified in the relevant Final Terms or Drawdown Prospectus and for each Interest Period thereafter, for Euro deposits for the relevant Interest Period as determined by reference to (1) the display page designated EURIBOR01 on the Dow Jones Reuters Service (or such other page as may replace that page on that service, or such other service as may be nominated by the Agent Bank as the information vendor, for the purpose of displaying comparable rates) as of the Interest Determination Date or (2) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Agent Bank) as may replace the Dow Jones Reuters Monitor as at or about 11.00 a.m. (Brussels time);

“euro” means the lawful currency of the Participating Member States;

“Fixed Coupon Amount” means the amount specified as such in the relevant Final Terms or Drawdown Prospectus;

“Interest Amount” means:

- (i) in respect of a Fixed Interest Period, the amount of interest payable per Calculation Amount for that Fixed Interest Period and which, in the case of Fixed Rate Bonds, and unless otherwise specified, shall mean the Fixed Coupon Amount or Broken Amount specified as being payable on the Interest Payment Date at the end of the Interest Period of which such Fixed Interest Period forms part;
- (ii) in respect of an Interest Period, the amount of interest payable per Calculation Amount for that Interest Period; and
- (iii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

“Interest Commencement Date” means the Issue Date or such other date as may be specified in the relevant Final Terms or Drawdown Prospectus;

“Interest Determination Date” means, with respect to an Interest Rate and an Interest Period, the date specified as such in the relevant Final Terms or Drawdown Prospectus or, if none is so specified, the day falling two Business Days in London prior to the first day of such Interest Period (or if the Relevant Currency is sterling the first day of such Interest Period) (as adjusted in accordance with any Business Day Convention (as defined below) specified in the relevant Final Terms or Drawdown Prospectus);

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

“Interest Rate” means the rate of interest payable from time to time in respect of the Bonds and which is either specified as such in, or calculated in accordance with the provisions of, these Conditions and/or the relevant Final Terms or Drawdown Prospectus;

“ISDA Definitions” means the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of Bonds of the relevant Sub-Class as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Final Terms or Drawdown Prospectus, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of Bonds of the relevant Sub-Class (as specified in the relevant Final Terms or Drawdown Prospectus) as published by the International Swaps and Derivatives Association, Inc.);

“Issue Date” means the date specified as such in the relevant Final Terms or Drawdown Prospectus;

“LIBOR” means the rate for Sterling or U.S. dollar (as applicable) deposits for such period as specified in the relevant Final Terms or Drawdown Prospectus and for each Interest Period thereafter, for Sterling or U.S. dollar (as applicable) deposits for the relevant Interest Period as determined by reference to ICE Benchmark Administration Limited (or any other person who takes over the administration of this rate) LIBOR Rates display as quoted on the Bridge Reuters monitor as Reuters Screen LIBOR01 at 11.00 a.m. London time. If the Reuters Screen LIBOR01 stops providing these quotations, the replacement service for the purposes of displaying this information will be used. If the replacement service stops displaying the information, any page showing this information may be used. If there is more than one

service displaying the information, the one approved in writing by the Agent Bank in its sole discretion will be used;

“Margin” means the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms or Drawdown Prospectus;

“Maturity Date” means the date specified in the relevant Final Terms or Drawdown Prospectus as the final date on which the principal amount of the Bond is due and payable;

“Maximum Interest Rate” means the rate specified as such in the relevant Final Terms or Drawdown Prospectus;

“Minimum Interest Rate” means the rate specified as such in the relevant Final Terms or Drawdown Prospectus;

“Page” means such page, section, caption, column or other part of a particular information service (including the Reuters Money 3000 Service (“Reuters”)) as may be specified in the relevant Final Terms or Drawdown Prospectus as a Relevant Screen Page, or such other page, section, caption, column or other part as may replace the same on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying comparable rates or prices;

“Participating Member State” means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty establishing the European Communities (as amended), and “Participating Member States” means all of them;

“Principal Amount Outstanding” means, in relation to a Bond, Sub-Class or Class, the original face value thereof (in relation to any Indexed Bonds, as adjusted in accordance with the Conditions) less any repayment of principal made to the Holder(s) thereof in respect of such Bond, Sub-Class or Class;

“Redemption Amount” means, the amount provided under Condition 8(b) (Optional Redemption), unless otherwise specified in the relevant Final Terms or Drawdown Prospectus;

“Reference Banks” means the institutions specified as such or, if none, four major banks selected by the Agent Bank (or the Calculation Agent, if applicable) in the interbank market (or, if appropriate, money market) which is most closely connected with the Relevant Rate as determined by the Agent Bank (or the Calculation Agent, if applicable), on behalf of the Issuer, in its sole and absolute discretion;

“Relevant Currency” means the currency specified as such or, if none is specified, the currency in which the Bonds are denominated;

“Relevant Date” means the earlier of (a) the date on which all amounts in respect of the Bonds have been paid, and (b) five days after the date on which all of the Principal Amount Outstanding (adjusted in the case of Indexed Bonds in accordance with Condition 7(b) (Application of Index Ratio)) has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Bondholders in accordance with Condition 17 (Notices);

“Relevant Financial Centre” means, with respect to any Bond, the financial centre specified as such in the relevant Final Terms or Drawdown Prospectus or, if none is so specified, the financial centre with which the Relevant Rate is most closely connected as determined by the Agent Bank (or the Calculation Agent, if applicable);

“Relevant Rate” means the offered rate for a Representative Amount of the Relevant Currency for a period (if applicable) equal to the Specified Duration (or such other rate as shall be specified in the relevant Final Terms or Drawdown Prospectus);

“Relevant Screen Page” means EURIBOR, LIBOR or such page, section, caption, column or other part of a particular information service as may be specified (or any successor or replacement page, section, caption, column or other part of a particular information service);

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or Drawdown Prospectus or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

“Representative Amount” means, with respect to any rate to be determined on an Interest Determination Date, the amount specified in the relevant Final Terms or Drawdown Prospectus as such or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time;

“Specified Denomination” means the denomination specified in the relevant Final Terms or Drawdown Prospectus;

“Specified Duration” means, with respect to any Floating Rate (as defined in the ISDA Definitions) to be determined on an Interest Determination Date, the period or duration specified as such in the relevant Final Terms or Drawdown Prospectus or, if none is specified, a period of time equal to the relative Interest Period;

“Specified Interest Payment Date” means the date(s) specified as such in the relevant Final Terms or Drawdown Prospectus.

“Specified Period” means the period(s) specified as such in the relevant Final Terms or Drawdown Prospectus;

“TARGET Settlement Day” means any day on which the TARGET system is open for the settlement of payments in euro; and

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

## **7 Indexation**

This Condition 7 is applicable only if the relevant Final Terms or Drawdown Prospectus specifies the Bonds as Indexed Bonds.

### *(a) Definitions*

“affiliate” means in relation to any person, any entity controlled, directly or indirectly, by that person, any entity that controls directly or indirectly, that person or any entity, directly or indirectly under common control with that person and, for this purpose, “control” means control as defined in the Companies Act;

“Base Index Figure” means (subject to Condition 7(c)(i) (*Change in base*)) the base index figure as specified in the relevant Final Terms or Drawdown Prospectus;

“Calculation Date” means any date when a payment of interest or, as the case may be, principal falls due;

“Index” or “Index Figure” means, in relation to any relevant month (as defined in Condition 7(c)(ii) (*Delay in publication of Index*)), subject as provided in Condition 7(c)(i) (*Change in base*), (i) if RPI is specified in the relevant Final Terms, the UK Retail Price Index (RPI) (for all items) published by the Office for National Statistics (January 1987 = 100) or any comparable index which may replace the UK Retail Price Index for the purpose of calculating the amount payable on repayment of the Reference Gilt; or (ii) if HICP is specified, the Harmonised Index of Consumer Prices for the Eurozone, excluding tobacco, non-revised, published by EUROSTAT and appearing on the AFT website (<http://www.aft.gouv.fr/>) or any comparable index which may replace the Harmonised Index of Consumer Prices for the Eurozone for the purpose of calculating the amount payable on repayment of the Reference Gilt.

Any reference to the “Index Figure applicable” to a particular Calculation Date shall, subject as provided in Condition 7(c) (*Changes in Circumstances Affecting the Index*) and (e) (*Cessation of or Fundamental Changes to the Index*), and if “3 months lag” is specified in the relevant Final Terms or Drawdown Prospectus, be calculated in accordance with the following formula:

$$\text{IFA} = \text{RPI}_{m-3} + \frac{(\text{Day of Calculation Date} - 1)}{(\text{Days in month of Calculation Date})} \times (\text{RPI}_{m-2} - \text{RPI}_{m-3})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

“IFA” means the Index Figure applicable;

“RPI<sub>m-3</sub>” means the Index Figure for the first day of the month that is three months prior to the month in which the payment falls due;

“RPI<sub>m-2</sub>” means the Index Figure for the first day of the month that is two months prior to the month in which the payment falls due;

Any reference to the “Index Figure applicable” to a particular Calculation Date shall, subject as provided in Condition 7(b) (*Application of the Index Ratio*) below, and if “8 months lag” is specified in the relevant Final Terms or Drawdown Prospectus, be calculated in accordance with the following formula:

$$\text{IFA} = \text{RPI}_{m-8} + \frac{(\text{Day of Calculation Date} - 1)}{(\text{Days in month of Calculation Date})} \times (\text{RPI}_{m-7} - \text{RPI}_{m-8})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

“IFA” means the Index Figure applicable;

“RPI<sub>m-8</sub>” means the Index Figure for the first day of the month that is eight months prior to the month in which the payment falls due;

“RPI<sub>m-7</sub>” means the Index Figure for the first day of the month that is seven months prior to the month in which the payment falls due;

“Index Ratio” applicable to any Calculation Date means the Index Figure applicable to such date divided by the Base Index Figure;

“Limited Index Ratio” means (a) in respect of any month prior to the relevant Issue Date, the Index Ratio for that month; (b) in respect of any Limited Indexation Month after the relevant Issue Date, the product of the Limited Indexation Factor for that month and the Limited Index Ratio as previously calculated in respect of the month 12 months prior thereto; and (c) in respect of any other month, the Limited Index Ratio as previously calculated in respect of the most recent Limited Indexation Month;



“Limited Indexation Factor” means, in respect of a Limited Indexation Month, the ratio of the Index Figure applicable to that month divided by the Index Figure applicable to the month 12 months prior thereto, **provided that** (a) 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 (b) if such ratio is less than the Minimum Indexation Factor specified in the relevant Final Terms or Drawdown Prospectus, it shall be deemed to be equal to such Minimum Indexation Factor;

“Limited Indexation Month” means any month specified in the relevant Final Terms or Drawdown Prospectus for which a Limited Indexation Factor is to be calculated;

“Limited Indexed Bonds” means Indexed Bonds to which a Maximum Indexation Factor and/or a Minimum Indexation Factor (as specified in the relevant Final Terms or Drawdown Prospectus) applies;

“Maximum Indexation Factor” means the indexation factor specified as such in the relevant Final Terms or Drawdown Prospectus;

“Minimum Indexation Factor” means the indexation factor specified as such in the relevant Final Terms or Drawdown Prospectus; and

“Reference Gilt” means the Treasury Stock specified as such in the relevant Final Terms or Drawdown Prospectus for so long as such stock is in issue, and thereafter such issue of index-linked Treasury Stock determined to be appropriate by a gilt-edged market maker or other adviser selected by the Issuer and approved by the Bond Trustee (an “Indexation Adviser”).

(b) *Application of the Index Ratio*

Each payment of interest and principal in respect of the Bonds shall be the amount provided in, or determined in accordance with, these Conditions, multiplied by the Index Ratio or Limited Index Ratio in the case of Limited Indexed Bonds applicable to the month in which such payment falls to be made and rounded in accordance with Condition 6(e) (*Rounding*).

(c) *Changes in Circumstances Affecting the Index*

- (i) 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 calendar month from and including that in which such substitution takes effect (1) the definition of “Index” and “Index Figure” in Condition 7(a) (*Definitions*) shall be deemed to refer to the new date or month in substitution for January 1987 (or, as the case may be, to such other date or month as may have been substituted therefor); and (2) the new Base Index Figure shall be the product of the existing Base Index Figure (being at the Initial Issue Date 178.2) and the Index Figure immediately following such substitution, divided by the Index Figure immediately prior to such substitution.
- (ii) Delay in publication of Index: If the Index Figure relating to any month (the “relevant month”) which is required to be taken account for the purposes of the determination of the Index Figure applicable for any date is not published on or before the 14th business day before the date on which any payment of interest or principal on the Bonds is due (the “date for payment”), the Index Figure relating to the relevant month shall be (1) such substitute index figure (if any) as the Bond Trustee considers to have been published by the Bank of England for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser (and approved by the Bond Trustee); or (2) 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 7(c)(i) (*Change in base*)) before the date for payment.

(d) *Application of Changes*

Where the provisions of Condition 7(c)(ii) (*Delay in publication of Index*) apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in which the date for payment falls shall be conclusive and binding. If, an Index Figure having been applied pursuant to Condition 7(c)(ii)(2) (*Delay in publication of Index*), the Index Figure relating to the relevant month is subsequently published while a Bond is still Outstanding, then:

- (i) in relation to a payment of principal or interest in respect of such Bond other than upon final redemption of such Bond, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced by an amount equal to (respectively) the shortfall or excess of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of Condition 7(c)(ii)(2) (*Delay in publication of Index*), below or above 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
- (ii) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.

(e) *Cessation of or Fundamental Changes to the Index*

- (i) If (1) the Bond Trustee has been notified by the Agent Bank (or the Calculation Agent, if applicable) that the Index has ceased to be published; or (2) 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 the Bond Trustee acting solely on the advice of an Indexation Adviser, be materially prejudicial to the interests of the Bondholders, the Bond Trustee will give written notice of such occurrence to the Issuer, and the Issuer and the Bond Trustee together shall seek to agree for the purpose of the Bonds one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Bondholders in 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.
- (ii) If the Issuer and the Bond Trustee fail to reach agreement as mentioned above within 20 business days following the giving of notice as mentioned in paragraph (i), a bank or other person in London shall be appointed by the Issuer and the Bond Trustee or, failing agreement on and the making of such appointment within 20 business days following the expiry of the day period referred to above, by the Bond Trustee (in each case, such bank or other person so appointed being referred to as the “Expert”), to determine for the purpose of the Bonds one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Bondholders in 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. Any Expert so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Expert and of any Indexation Adviser and of any of the Issuer and the Bond Trustee in connection with such appointment shall be borne by the Issuer.
- (iii) The Index shall be adjusted or replaced by a substitute index as agreed by the Issuer and the Bond Trustee 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 Bond Trustee 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 Financial Guarantor(s), the other Secured Creditors, the Bond Trustee and the Bondholders, and the Issuer shall give notice to the Bondholders in accordance with Condition 17 (*Notices*) of such amendments as promptly as practicable following such notification.

## 8 Redemption, Purchase and Cancellation

### (a) *Partial and Final Redemption*

Unless previously redeemed, or purchased and cancelled as provided below, or unless such Bond is stated in the relevant Final Terms or Drawdown Prospectus as having no fixed maturity date, each Bond will be redeemed at its Principal Amount Outstanding (in the case of Indexed Bonds as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)), on the date or dates (or, in the case of Floating Rate Bonds, on the Interest Payment Date(s)) specified in the relevant Final Terms or Drawdown Prospectus plus accrued but unpaid interest (other than in the case of Zero Coupon Bonds) and, in the case of Indexed Bonds as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*).

In the case of principal on Class B Bonds only, if on any date, prior to the taking of Enforcement Action after the termination of a Standstill Period, on which such Bond is to be redeemed (in whole or in part) there are insufficient funds available to the Issuer to pay such principal, the Issuer's liability to pay such principal will be treated as not having fallen due and will be deferred until the earliest of (i) the next following Interest Payment Date on which the Issuer has, in accordance with the cash management provisions of Schedule 11 (*Cash Management*) of the CTA, sufficient funds to pay such deferred amounts (including any interest accrued thereon); (ii) the date on which all Class A Debt has been paid in full and (iii) an Acceleration of Liabilities (other than a Permitted Hedge Termination, a Permitted Lease Termination or a Permitted EIB Compulsory Prepayment Event) and in the case of a Permitted Share Pledge Acceleration only to the extent that there would be sufficient funds available in accordance with the Payment Priorities to pay such deferred principal (including any accrued interest thereon). Interest will accrue on such deferred principal at the rate otherwise payable on unpaid principal of such Class B Bonds.

### (b) *Optional Redemption*

Subject as provided below, if a Call Option is specified as applicable in the relevant Final Terms or Drawdown Prospectus, upon giving not more than 60 nor less than 30 days' notice to the Bond Trustee, the Security Trustee, the Majority Creditors and the Bondholders, the Issuer may (prior to the Maturity Date) redeem any Sub-Class of the Bonds in whole or in part (but on a pro rata basis only) on any Interest Payment Date at their Redemption Amount, **provided that** Floating Rate Bonds may not be redeemed before the date specified in the relevant Final Terms or Drawdown Prospectus, as follows:

- (i) In respect of Fixed Rate Bonds, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Drawdown Prospectus, be an amount equal to the higher of (i) their Principal Amount Outstanding; and (ii) the price determined to be appropriate by a financial adviser in London (selected by the Issuer and approved by the Bond Trustee) as being the price at which the Gross Redemption Yield (as defined below) on such Bonds on the Reference Date (as defined below) is equal to the Gross Redemption Yield at 3:00 p.m. (London time) on the Reference Date on the Reference Gilt (as defined below) while that stock is in issue, and thereafter such Government stock (or such other stock as specified in the relevant Final Terms

or Drawdown Prospectus for Bonds denominated in currencies other than Sterling) as the Issuer may, with the advice of three persons operating in the gilt-edged market (selected by the Issuer and approved by the Bond Trustee) determine to be appropriate, plus accrued but unpaid interest on the Principal Amount Outstanding.

For the purposes of this Condition 8(b)(i), “Gross Redemption Yield” means a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the United Kingdom Debt Management Office publication “Formulae for Calculating Gilt Prices from Yields” published 8 June 1998 with effect from 1 November 1998 and updated on 15 January 2002 (and as further updated, supplemented, amended or replaced from time to time) page 5 or any replacement therefor; “Reference Date” means the date which is two Business Days prior to the despatch of the notice of redemption under this Condition 8(b)(i); and “Reference Gilt” means the Treasury Stock specified in the relevant Final Terms or Drawdown Prospectus.

- (ii) In respect of Floating Rate Bonds, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Drawdown Prospectus, be the Principal Amount Outstanding plus any premium for early redemption in certain years (as specified in the relevant Final Terms or Drawdown Prospectus) plus any accrued but unpaid interest on the Principal Amount Outstanding.
- (iii) In respect of Indexed Bonds, the Redemption Amount will (unless otherwise specified in the relevant Final Terms or Drawdown Prospectus) be the higher of (i) the Principal Amount Outstanding; and (ii) the price determined to be appropriate (without any additional indexation beyond the implicit indexation in such determined price) by a financial adviser in London (selected by the Issuer and approved by the Bond Trustee) as being the price at which the Gross Real Redemption Yield (as defined below) on the Bonds on the Reference Date (as defined below) is equal to the Gross Real Redemption Yield at 3:00 p.m. (London time) on the Reference Date on the Reference Gilt while that stock is in issue, and thereafter such Government stock as the Issuer may, with the advice of three persons operating in the gilt-edged market, (selected by the Issuer and approved by the Bond Trustee), determine to be appropriate, plus accrued but unpaid interest (as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)) on the Principal Amount Outstanding.

For the purposes of this Condition 8(b)(iii), “Gross Real Redemption Yield” means a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the United Kingdom Debt Management Office publication “Formulae for Calculating Gilt Prices from Yields” published 8 June 1998 with effect from 1 November 1998 and updated on 15 January 2002, page 4 or any replacement therefor, “Reference Date” means the date which is two Business Days prior to the despatch of the notice of redemption under Condition 8(b)(iii); and “Reference Gilt” means the Treasury Stock specified in the relevant Final Terms or Drawdown Prospectus.

In any such case, prior to giving any such notice, the Issuer must certify (as further specified in the Finance Documents) to the Bond Trustee that it will have the funds, not subject to any interest (other than under the Security) of any other person, required to redeem the Bonds as aforesaid.

(c) *Redemption for Index Event, Taxation or Other Reasons*

Redemption for Index Events: Upon the occurrence of any Index Event (as defined below), the Issuer may, upon giving not more than 60 nor less than 30 days’ notice to the Bond Trustee, the Security Trustee, the Majority Creditors and the holders of the Indexed Bonds in accordance with Condition 17

(*Notices*), redeem all (but not some only) of the Indexed Bonds of all Sub-Classes on any Interest Payment Date at the Principal Amount Outstanding (adjusted in accordance with Condition 7(b) (*Application of Index Ratio*)) plus accrued but unpaid interest. No single Sub-Class of Indexed Bonds may be redeemed in these circumstances unless all the other Classes and Sub-Classes of Indexed Bonds are also redeemed at the same time and the Issuer has discharged all amounts due and payable to any Financial Guarantor that has issued a Financial Guarantee in respect of such Class or Sub-Class of Indexed Bonds. Before giving any such notice, the Issuer shall provide to the Bond Trustee, the Security Trustee, the Majority Creditors and the relevant Financial Guarantor(s) a certificate signed by an Authorised Signatory (a) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (b) confirming that the Issuer will have sufficient funds on such Interest Payment Date to effect such redemption and payment to the relevant Financial Guarantor(s).

“Index Event” means (i) if the Index Figure for three consecutive months falls to be determined on the basis of an Index Figure previously published as provided in Condition 7(c)(ii) (*Delay in publication of Index*) and the Bond Trustee has been notified by the Principal Paying 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 Reference Gilt, and (in either case) no amendment or substitution of the Index has been advised by the Indexation Adviser to the Issuer and such circumstances are continuing.

Redemption for Taxation Reasons: In addition, if at any time the Issuer satisfies the Bond Trustee that the Issuer would, on the next Interest Payment Date, become obliged to deduct or withhold from any payment of interest or principal in respect of the Bonds (other than in respect of default interest) any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or the Cayman Islands or any political subdivision thereof, or any other authority thereof, then the Issuer may, in order to avoid the relevant deductions or withholding, use its reasonable endeavours to arrange the substitution of a company incorporated under another jurisdiction approved by the Bond Trustee as principal debtor under the Bonds and as lender under the Issuer/TWUL Loan Agreements and as obligor under the Finance Documents upon satisfying the conditions for substitution of the Issuer as set out in the STID (and referred to in Condition 15 (*Meetings of Bondholders, Modification, Waiver and Substitution*)). If the Issuer is unable to arrange a substitution as described above having used reasonable endeavours to do so and, as a result, the relevant deduction or withholding is continuing then the Issuer may (but will not be obliged to), upon giving not more than 60 nor less than 30 days’ notice to the Bond Trustee, the Security Trustee, the Majority Creditors and the Bondholders in accordance with Condition 17 (*Notices*), redeem all (but not some only) of the Bonds on any Interest Payment Date at their Principal Amount Outstanding plus accrued but unpaid interest thereon (each adjusted, in the case of Indexed Bonds, in accordance with Condition 7(b) (*Application of the Index Ratio*)). Before giving any such notice of redemption, the Issuer shall provide to the Bond Trustee, the Security Trustee and the Majority Creditors and the relevant Financial Guarantors a certificate signed by an Authorised Signatory (a) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and (b) confirming that the Issuer will have sufficient funds on such Interest Payment Date to discharge all its liabilities in respect of the Bonds and any amounts under the Security Agreement to be paid in priority to, or *pari passu* with, the Bonds under the Payment Priorities.

(d) *Redemption on Prepayment of Issuer/TWUL Loan Agreements*

If TWUL gives notice to the Issuer under an Issuer/TWUL Loan Agreement that it intends to prepay all or part of any advance made under such Issuer/TWUL Loan Agreement and such advance was funded by the Issuer from the proceeds of the issue of a Sub-Class of Bonds, the Issuer shall, upon giving not more than 60 nor less than 30 days' notice to the Bond Trustee, the Security Trustee, the Majority Creditors, the relevant Financial Guarantors and the Bondholders in accordance with Condition 17 (*Notices*), (where such advance is being prepaid in whole) redeem all of the Bonds of that Sub-Class or (where part only of such advance is being prepaid) the proportion of the relevant Sub-Class of Bonds which the proposed prepayment amount bears to the amount of the relevant advance. In the case of a voluntary prepayment, the relevant Bonds will be redeemed at their Redemption Amount determined in accordance with Condition 8(b) (*Optional Redemption*) except that, in the case of Fixed Rate Bonds and Indexed Bonds, for the purposes of this Condition 8(d), "Reference Date" means the date two Business Days prior to the despatch of the notice of redemption given under this Condition 8(d), plus accrued but unpaid interest and, in the case of any other prepayment, the relevant Bonds will be redeemed at their Principal Amount Outstanding plus accrued but unpaid interest.

(e) *Early redemption of Zero Coupon Bonds*

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Bond at any time before the Maturity Date shall be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Bond becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition (e) or, if none is so specified, a Day Count Fraction of 30/360.

In these Conditions, "Accrual Yield" and "Reference Price" and "Zero Coupon Bond" have the meanings given to them in the relevant Final Terms.

(f) *Purchase of Bonds*

The Issuer may, provided that no Event of Default has occurred and is continuing, purchase Bonds (provided that all unmatured Receipts and Coupons and unexchanged Talons (if any) appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

If not all the Bonds which are in registered form are to be purchased, upon surrender of the existing Individual Bond Certificate, the Registrar shall forthwith upon the written request of the Bondholder concerned issue a new Individual Bond Certificate in respect of the Bonds which are not to be purchased and despatch such Individual Bond Certificate to the Bondholder (at the risk of the Bondholder and to such address as the Bondholder may specify in such request).

**While the Bonds are represented by a Global Bond or Global Bond Certificate (as defined below), the relevant Global Bond or Global Bond Certificate will be endorsed to reflect the Principal Amount Outstanding of Bonds to be so redeemed or purchased.**

(g) *Redemption by Instalments*

Unless previously redeemed, purchased and cancelled as provided in this Condition 8, each Bond which provides for Instalment Dates (as specified in the relevant Final Terms or Drawdown Prospectus) and Instalment Amounts (as specified in the relevant Final Terms or Drawdown Prospectus) will be partially redeemed on each Instalment Date at the Instalment Amount.

(h) *Cancellation*

In respect of all Bonds purchased by or on behalf of the Issuer, the Bearer Bonds or the Registered Bonds shall be surrendered to or to the order of the Principal Paying Agent or the Registrar, as the case may be, for cancellation and, if so surrendered, will, together with all Bonds redeemed by the Issuer, be cancelled forthwith (together with, in the case of Bearer Bonds, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Bonds so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

(i) *Instalments*

Instalment Bonds will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Redemption Amount will be determined pursuant to Condition 8(b) (*Optional Redemption*) above.

## 9 Payments

(a) *Bearer Bonds*

Payments to the Bondholders of principal (or, as the case may be, Redemption Amounts or other amounts payable on redemption) and interest (or, as the case may be, Interest Amounts) in respect of Bearer Bonds will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payment of Instalment Amounts other than on the due date for final redemption and provided that the Receipt is presented for payment together with its relative Bond), Bonds (in the case of all other payments of principal and, in the case of interest, as specified in Condition 9(f) (*Unmatured Coupons and Receipts and Unexchanged Talons*)) or Coupons (in the case of interest, save as specified in Condition 9(f) (*Unmatured Coupons and Receipts and Unexchanged Talons*)), as the case may be, at the specified office of any Paying Agent outside the United States of America by transfer to an account denominated in the currency in which such payment is due with, or (in the case of Bonds in definitive form only) a cheque payable in that currency drawn on, a bank in (i) the principal financial centre of that currency provided that such currency is not euro, or (ii) the principal financial centre of any Participating Member State if that currency is euro.

(b) *Registered Bonds*

Payments of principal (or, as the case may be, Redemption Amounts) in respect of Registered Bonds will be made to the holder (or the first named of joint holders) of such Bond against presentation and surrender of the relevant Registered Bond at the specified office of the Registrar and in the manner provided in Condition 9(a) (*Bearer Bonds*).

Payments of instalments in respect of Registered Bonds will be made to the holder (or the first named of joint holders) of such Bond against presentation of the relevant Registered Bond at the specified office of the Registrar in the manner provided in Condition 9(a) (*Bearer Bonds*) above and annotation of such payment on the Register and the relevant Bond Certificate.

Interest (or, as the case may be, Interest Amounts) on Registered Bonds payable on any Interest Payment Date will be paid to the holder (or the first named of joint holders) on the fifteenth day before the due date for payment thereof (the “Record Date”). Payment of interest or Interest Amounts on each Registered Bond will be made in the currency in which such payment is due by cheque drawn on a bank in (a) the principal financial centre of the country of the currency concerned, provided that such currency is not euro, or (b) the principal financial centre of any Participating Member State if that currency is euro and mailed to the holder (or to the first named of joint holders) of such Bond at its address appearing in the Register. Upon application by the Bondholder to the specified office of the Registrar before the relevant Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in (a) the principal financial centre of the country of that currency provided that such currency is not euro, or (b) the principal financial centre of any Participating Member State if that currency is euro.

A record of each payment so made will be endorsed on the schedule to the Global Bond or the Global Bond Certificate by or on behalf of the Principal Paying Agent or the Registrar, as the case may be, which endorsement shall be *prima facie* evidence that such payment has been made.

(c) *Payments in the United States of America*

Notwithstanding the foregoing, if any Bearer Bonds are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if:

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

(d) *Payments subject to fiscal laws; payments on Global Bonds and Registered Bonds*

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 10 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 10 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

The holder of a Global Bond or Global Bond Certificate shall be the only person entitled to receive payments of principal (or Redemption Amounts) and interest (or Interest Amounts) on the Global Bond or Global Bond Certificate (as the case may be) and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Bond or Global Bond Certificate in respect of each amount paid.

(e) *Appointment of the Agents*

The Paying Agents, the Agent Bank, the Transfer Agents and the Registrar (the “Agents”) appointed by the Issuer (and their respective specified offices) are listed in the Agency Agreement. Any Calculation



Agent will be listed in the relevant Final Terms or Drawdown Prospectus and will be appointed pursuant to a Calculation Agency Agreement. The Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right, with the prior written consent of the Bond Trustee at any time to vary or terminate the appointment of any Agent, and to appoint additional or other Agents, **provided that** the Issuer will at all times maintain (i) a Principal Paying Agent (in the case of Bearer Bonds); (ii) a Registrar (in the case of Registered Bonds); (iii) an Agent Bank or Calculation Agent (as specified in the relevant Final Terms or Drawdown Prospectus) (in the case of Floating Rate Bonds or Indexed Bonds); and (iv) if and for so long as the Bonds are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent, Transfer Agent or Registrar in any particular place, a Paying Agent, Transfer Agent and/or Registrar, as applicable, having its specified office in the place required by such listing authority, stock exchange and/or quotation system'. Notice of any such variation, termination or appointment will be given in accordance with Condition 17 (*Notices*).

(f) *Unmatured Coupons and Receipts and Unexchanged Talons*

- (i) Subject to the provisions of the relevant Final Terms or Drawdown Prospectus, upon the due date for redemption of any Bond which is a Bearer Bond (other than a Fixed Rate Bond, unless it has all unmaturing Coupons attached), unmaturing Coupons and Receipts relating to such Bond (whether or not attached) shall become void and no payment shall be made in respect of them.
- (ii) Upon the date for redemption of any Bond, any unmaturing Talon relating to such Bond (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iii) Upon the due date for redemption of any Bond which is redeemable in instalments, all Receipts relating to such Bond having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iv) Where any Bond, which is a Bearer Bond and is a Fixed Rate Bond, is presented for redemption without all unmaturing Coupons and any unexchanged Talon relating to it, a sum equal to the aggregate amount of the missing unmaturing Coupons will be deducted from the amount of principal due for payment and, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Bond is not an Interest Payment Date, interest accrued from the preceding Interest Payment Date or the Interest Commencement Date, as the case may be, or the Interest Amount payable on such date for redemption shall only be payable against presentation (and surrender if appropriate) of the relevant Bond and Coupon.

(g) *Non-Business Days*

Subject as provided in the relevant Final Terms or Drawdown Prospectus, if any date for payment in respect of any Bond, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks are open for presentation and payment of debt securities and for dealings in foreign currency in the relevant place of presentation and (in the case of a payment in a currency other than euro), where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which dealings may be carried on in the relevant currency in the principal financial centre

of the country of such currency and, in relation to any sum payable in euro, a day on which the TARGET System is open.

(h) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a coupon sheet issued in respect of any Bond, the Talon forming part of such coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further coupon sheet (and if necessary another Talon for a further coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 13 (*Prescription*)).

## 10 Taxation

All payments in respect of the Bonds, Receipts or Coupons will be made (whether by the Issuer, the Guarantors, any Paying Agent, the Registrar, the Bond Trustee, the Security Trustee or, in respect of Wrapped Bonds, the Financial Guarantors) without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer, the Guarantors, any Paying Agent or the Registrar or, where applicable, the Bond Trustee, the Security Trustee or the Financial Guarantor is required by applicable law to make any payment in respect of the Bonds, Receipts or Coupons subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In that event, the Issuer, the Guarantors, such Paying Agent, the Registrar, the Bond Trustee, the Security Trustee or the Financial Guarantor, as the case may be, shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. None of the Issuer, the Guarantors, any Paying Agent, the Registrar, the Bond Trustee, the Security Trustee or the Financial Guarantor will be obliged to make any additional payments to the Bondholders, Receiptholders or the Couponholders in respect of such withholding or deduction. The Issuer, the Guarantors, any Paying Agent, the Registrar, the Bond Trustee, the Security Trustee or the Financial Guarantor may require holders to provide such certifications and other documents as required by applicable law in order to qualify for exemptions from applicable tax laws.

If the Issuer is obliged to make any such deduction or withholding, the amount so deducted or withheld is not guaranteed by the Financial Guarantor.

## 11 Events of default

The Events of Default (as defined in the Master Definitions Agreement) relating to the Bonds are set out in Schedule 6 of the CTA.

Following the notification of an Event of Default in respect of the Issuer, the STID provides for a Standstill Period (as defined in the Master Definitions Agreement) to commence and for restrictions to apply to all Secured Creditors of TWUL. The CTA also contains various Trigger Events that will, if they occur, (among other things) permit the Majority Creditors to commission an Independent Review, require TWUL to discuss its plans for appropriate remedial action and prevent the TWU Financing Group from making further Restricted Payments until the relevant Trigger Events have been remedied.

(a) *Events of Default*

If any Event of Default occurs and is continuing in relation to the Issuer, subject always to the terms of the STID, the Bond Trustee may at any time (in accordance with the provisions of the Bond Trust Deed and the STID), having certified in writing that, in its opinion, the occurrence of such event is materially prejudicial to the interests of the Bondholders and shall upon the Bond Trustee being so directed or requested (i) by an Extraordinary Resolution (as defined in the Bond Trust Deed) of

holders of the relevant Sub-Classes of Class A Bonds or, if there are no Class A Bonds outstanding, the Class B Bonds or (ii) in writing by holders of at least one quarter in outstanding nominal amount of the relevant Sub-Class of Class A Bonds, or if there are no Class A Bonds outstanding, the Class B Bonds and subject, in each case, to being indemnified and/or secured to its satisfaction, give notice to the Issuer and the Security Trustee that the Bonds of the relevant Sub-Class are, and they shall immediately become, due and repayable, at their respective Redemption Amounts determined in accordance with Condition 8(b) (*Optional Redemption*) (except that, in the case of Fixed Rate Bonds and Indexed Bonds for the purposes of this Condition 11(a), the “Reference Date” means the date two Business Days prior to the despatch of the notice of redemption given under this Condition 11(a)) or as specified in the applicable Final Terms or Drawdown Prospectus.

(b) *Confirmation of no Event of Default*

The Issuer, pursuant to the terms of the CTA, shall provide written confirmation to the Bond Trustee, on an annual basis, that no Event of Default has occurred in relation to the Issuer.

(c) *Enforcement of Security*

If the Bond Trustee gives written notice to the Issuer and the Security Trustee that an Event of Default has occurred under the Bonds of any Sub-Class, a Standstill Period shall commence. The Security Trustee may only enforce the Security acting in accordance with the STID and, subject to certain limitations on enforcement during a Standstill Period, on the instructions of the Majority Creditors.

(d) *Automatic Acceleration*

In the event of the acceleration of the Secured Liabilities (other than a Permitted Share Pledge Acceleration, a Permitted Hedge Termination, a Permitted Lease Termination or a Permitted EIB Compulsory Prepayment Event (as defined in the Master Definitions Agreement) as set out in the STID), the Bonds of each Series shall automatically become due and repayable at their respective Redemption Amounts determined in accordance with Condition 8(b) (*Optional Redemption*) (except that, in the case of Fixed Rate Bonds and Indexed Bonds for the purposes of this Condition 11(d), “Reference Date” means the date two Business Days prior to the date of such acceleration) or as specified in the applicable Final Terms or Drawdown Prospectus plus, in each case, accrued and unpaid interest thereon.

## **12 Enforcement Against Issuer**

No Bondholder is entitled to take any action against the Issuer or, in the case of the holders of Wrapped Bonds, against the Financial Guarantor or against any assets of the Issuer or any Financial Guarantor to enforce its rights in respect of the Bonds or to enforce any of the Security or to enforce any Financial Guarantee unless the Bond Trustee or the Security Trustee (as applicable), having become bound so to proceed, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. The Security Trustee will act (subject to Condition 11(c) (*Enforcement of Security*)) on the instructions of the Majority Creditors pursuant to the STID, and neither the Bond Trustee nor the Security Trustee shall be bound to take any such action unless it is indemnified and/or secured to its satisfaction against all fees, costs, expenses, liabilities, claims and demands to which it may thereby become liable or which it may incur by so doing.

Neither the Bond Trustee nor the Bondholders may institute against, or join any person in instituting against, the Issuer any bankruptcy, winding up, re-organisation, arrangement, insolvency or liquidation proceeding (except for the appointment of a receiver and manager pursuant to the terms of the Security Agreement and

subject to the STID) or other proceeding under any similar law for so long as any Bonds are Outstanding or for two years and a day after the latest Maturity Date on which any Bond of any Series is due to mature.

### **13 Prescription**

Claims against the Issuer for payment in respect of the Bonds, Receipts or Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date) in respect thereof.

### **14 Replacement of Bonds, Coupons, Receipts and Talons**

If any Bearer Bond, Registered Bond, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced (subject to applicable laws and requirements of the Irish Stock Exchange), if the relevant Bonds have been admitted to listing, trading and/or quotation on such a stock exchange), at the specified office of the Principal Paying Agent or, as the case may be, the Registrar upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require. Mutilated or defaced Bonds, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

### **15 Meetings of Bondholders, Modification, Waiver and Substitution**

#### *(a) Decisions of Majority Creditors*

The STID contains provisions dealing with the manner in which matters affecting the interests of the Secured Creditors (including the Bond Trustee and the Bondholders) will be dealt with. Bondholders will (subject to various Reserved Matters and Entrenched Rights) be bound by the decisions of the Majority Creditors (and additionally in a Default Situation (as defined in the Master Definitions Agreement) decisions made pursuant to the Emergency Instruction Procedure (as set out in Clause 9.13 (*Emergency Instruction Procedure*) of the STID)).

In the circumstances which do not relate to Entrenched Rights or Reserved Matters of the Bondholders (as set out in the STID), the Bond Trustee shall be entitled to vote as the DIG Representative of holders of each Sub-Class of Wrapped Bonds (following the occurrence of an FG Event of Default in respect of the Financial Guarantor of those Wrapped Bonds which is continuing) and of each Sub-Class of Unwrapped Bonds (other than Class A FG Covered Bonds (unless a Default Situation is subsisting)) on intercreditor issues (“Intercreditor Issues”) but shall not be entitled to convene a meeting of any one or more Sub-Class of Bondholders to consider the relevant matter unless a Default Situation is subsisting. If a Default Situation has occurred and is subsisting, the Bond Trustee may vote on Intercreditor Issues in its absolute discretion or shall vote in accordance with a direction by those holders of such outstanding Class A Bonds (including Class A FG Covered Bonds) or, if there are no Class A Bonds outstanding, Class B Bonds (i) by means of an Extraordinary Resolution of the relevant Sub-Class of Bonds; or (ii) (in respect of a DIG Proposal to terminate a Standstill) as requested in writing by the holders of at least one quarter of the Principal Amount Outstanding of the relevant Sub-Class of Class A Bonds (including Class A FG Covered Bonds) then outstanding, or if there are no Class A Bonds outstanding, Class B Bonds. In any case, the Bond Trustee shall not be obliged to vote unless it has been indemnified and/or secured to its satisfaction.

Whilst a Default Situation is subsisting, certain decisions and instructions may be required in a timeframe which does not allow the Bond Trustee to convene Bondholder meetings. To cater for such circumstances, the STID provides for an Emergency Instruction Procedure. The Security Trustee will be required to act upon instructions contained in an emergency notice (an “Emergency Instruction

Notice”). An Emergency Instruction Notice must be signed by DIG Representatives (provided that, any Secondary Market Guarantor in respect of Class A FG Covered Bonds shall constitute the DIG Representatives for the Emergency Instruction Procedure despite a Default Situation subsisting) (the “EIN Signatories”) representing 662/3 per cent. or more of the aggregate Outstanding Principal Amount of the Qualifying Class A Debt or following repayment in full of the Class A Debt, the Class B Debt after, *inter alia*, excluding the proportion of Qualifying Debt in respect of which the Bond Trustee is the DIG Representative and in respect of which the Bond Trustee has not voted. The Emergency Instruction Notice must specify the emergency action which the Security Trustee is being instructed to take and must certify that, unless such action is taken within the time frame specified in the Emergency Instruction Notice, the interests of the EIN Signatories will be materially prejudiced.

(b) *Meetings of Bondholders*

The Bond Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the modification of the Bonds, the Receipts, the Coupons or any of the provisions of the Bond Trust Deed, (in the case of Class A Wrapped Bonds and Class B Wrapped Bonds) the Financial Guarantees and any other Finance Document to which the Bond Trustee is a party (subject to the terms of the STID). Any modification may (except in relation to any Entrenched Right or Reserved Matter of the Bond Trustee (as set out in the STID) subject to the terms of the STID including, in the case of any of the Class A Wrapped Bonds or Class B Wrapped Bonds, to Entrenched Rights or Reserved Matters of any Financial Guarantor (as set out in the STID) and subject to the provisions concerning ratification and/or meetings of particular combinations of Sub-Classes of Bonds as set out in Condition 16(b) (*Exercise of rights by Bond Trustee*) and the Bond Trust Deed), be made if sanctioned by a resolution passed at a meeting of such Bondholders duly convened and held in accordance with the Bond Trust Deed by a majority of not less than three-quarters of the votes cast (an “Extraordinary Resolution”) at such meeting. Such a meeting may be convened by the Bond Trustee or the Issuer, and shall be convened by the Issuer upon the request in writing of the relevant Bondholders holding not less than one-tenth in nominal amount of the relevant Bonds for the time being Outstanding.

The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. in nominal amount of the relevant Bonds for the time being Outstanding or, at any adjourned meeting, one or more persons being or representing Bondholders, whatever the nominal amount of the relevant Bonds held or represented, provided however, that certain matters as set out in paragraph 5 of the Fourth Schedule to the Bond Trust Deed (the “Basic Terms Modifications”) in respect of the holders of any particular Sub-Class of Bonds may be sanctioned only by an Extraordinary Resolution passed at a meeting of Bondholders of the relevant Sub-Class of Bonds at which one or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one-quarter in nominal amount of the Outstanding Bonds form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the relevant Bondholders, Receiptholders and Couponholders whether present or not.

In addition, a resolution in writing signed by or on behalf of all Bondholders who for the time being are entitled to receive notice of a meeting of Bondholders under the Bond Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(c) *Modification, consent and waiver*

As more fully set out in the Bond Trust Deed (and subject to the conditions and qualifications therein), the Bond Trustee may, without the consent of the Bondholders of any Sub-Class, concur with the Issuer or any other relevant parties in making (i) any modification of these Conditions, the Bond Trust Deed, any Financial Guarantee or any Finance Document which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law; and (ii) (except as mentioned in the Bond Trust Deed and subject to the terms of the STID) any other modification and granting any consent under or waiver or authorisation of any breach or proposed breach of these Conditions, the Bond Trust Deed, such Financial Guarantee or any such Finance Document or other document which is, in the opinion of the Bond Trustee, not materially prejudicial to the interests of the Bondholders of that Sub-Class. The Bond Trustee shall, at the request of the Issuer, without the consent or sanction of the Bondholders of any Sub-Class, agree to such amendments to the Bond Trust Deed or these Conditions as may be required by the Issuer to transfer the listing of any Sub-Class of Bonds between the Irish Stock Exchange and the London Stock Exchange, provided that (i) the Bond Trustee has received a certificate signed by two directors of the Issuer certifying that (a) such amendments do not constitute Basic Terms Modifications and (b) such amendments are required to effect such transfer and are only intended to give effect to such transfer (upon which certificate the Bond Trustee shall be entitled to rely without further enquiry) and (ii) such amendments do not require the Bond Trustee to undertake any more onerous duties or responsibilities or impose on the Bond Trustee any additional liabilities beyond those set out in the Bond Trust Deed. Any such modification, consent, waiver or authorisation shall be binding on the Bondholders of that Sub-Class, and the holders of all relevant Receipts and Coupons and, if the Bond Trustee so requires, notice thereof shall be given by the Issuer to the Bondholders of that Sub-Class as soon as practicable thereafter.

The Bond Trustee shall be entitled to assume that any such modification, consent, waiver or authorisation is not materially prejudicial to the Bondholders if the Rating Agencies confirm that there will not be any adverse effect thereof on the original issue ratings of the Bonds.

(d) *Substitution of the Issuer*

As more fully set forth in the STID (and subject to the conditions and qualifications therein), the Bond Trustee may also agree with the Issuer, without reference to the Bondholders, to the substitution of another corporation in place of the Issuer as principal debtor in respect of the Bond Trust Deed and the Bonds of all Series and subject to the Wrapped Bonds continuing to be subject to a Financial Guarantee of the relevant Financial Guarantor.

## **16 Bond Trustee Protections**

(a) *Trustee considerations*

Subject to the terms of the STID and Condition 16(b) (*Exercise of rights by Bond Trustee*), in connection with the exercise, under these Conditions, the Bond Trust Deed, any Financial Guarantee or any Finance Document, of its rights, powers, trusts, authorities and discretions (including any modification, consent, waiver or authorisation), the Bond Trustee shall have regard to the interests of the holders of the Bonds provided that, if the Bond Trustee considers, in its sole opinion, that there is a conflict of interest between the interests of the holders of the Class A Bonds and the interests of the holders of the Class B Bonds, the Bond Trustee shall give priority to the interests of the holders of the Class A Bonds whose interests shall prevail. Where, in the sole opinion of the Bond Trustee, there is a conflict between holders of two or more Sub-Classes of Bonds of the same Class, it shall consider the interests of the holders of the Sub-Class of Bonds with the shortest dated maturity and, in either case,

will not have regard to the consequences of such exercise for the holders of other Sub-Classes of Bonds or for individual Bondholders, resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. The Bond Trustee shall not be entitled to require from the Issuer or any Financial Guarantor, nor shall any Bondholders be entitled to claim from the Issuer, any Financial Guarantor or the Bond Trustee, any indemnification or other payment in respect of any consequence (including any tax consequence) for individual Bondholders of any such exercise.

(b) *Exercise of rights by Bond Trustee*

Except as otherwise provided in these Conditions and the Bond Trust Deed, when exercising any rights, powers, trusts, authorities and discretions relating to or contained in these Conditions or the Bond Trust Deed (other than in determining or in respect of any Entrenched Right or Reserved Matter relating to the Bonds or any other Basic Terms Modification), which affects or relates to any Class A Wrapped Bonds and/or Class B Wrapped Bonds, the Bond Trustee shall only act on the instructions of the relevant Financial Guarantor(s) (provided no FG Event of Default has occurred and is continuing) in accordance with the provisions of the Bond Trust Deed and the Bond Trustee shall not be required to have regard to the interests of the Bondholders in relation to the exercise of such rights, powers, trusts, authorities and discretions and shall have no liability to any Bondholders as a consequence of so acting. As a consequence of being required to act only on the instructions of the relevant Financial Guarantor(s) in the circumstances referred to in the previous sentence, the Bond Trustee may not, notwithstanding the provisions of these Conditions, be entitled to act on behalf of the holders of any Sub-Classes of Bonds. Subject as provided in these Conditions and the Bond Trust Deed, the Bond Trustee will exercise its rights under, or in relation to, the Bond Trust Deed, the Conditions or any Financial Guarantee in accordance with the directions of the relevant Bondholders, but the Bond Trustee shall not be bound as against the Bondholders to take any such action unless it has (a) (in respect of the matters set out in Condition 11 (*Events of default*) and Condition 15(a) (*Decisions of the Majority Creditors*) only) been so requested in writing by the holders of at least 25 per cent. in nominal amount of the relevant Sub-Classes of Bonds Outstanding; or (b) been so directed by an Extraordinary Resolution; and (ii) been indemnified and/or furnished with security to its satisfaction.

(c) *Decisions under STID binding on all Bondholders*

Subject to the provisions of the STID and the Entrenched Rights and Reserved Matters of the Bond Trustee and the Bondholders, decisions of the Majority Creditors and (in a Default Situation) decisions made pursuant to the Emergency Instructions Procedures will bind the Bond Trustee and the Bondholders in all circumstances.

## 17 Notices

Notices to holders of Registered Bonds will be posted to them at their respective addresses in the Register and deemed to have been given on the date of posting. Other notices to Bondholders will be valid if published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*). The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of the Irish Stock Exchange, on which the Bonds are for the time being listed. Any such notice (other than to holders of Registered Bonds as specified above) shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders and Receiptholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Bonds in accordance with this Condition 17.

So long as any Bonds are represented by Global Bonds, notices in respect of those Bonds may be given by delivery of the relevant notice to Euroclear as operator of the Euroclear System or Clearstream, Luxembourg or any other relevant clearing system as specified in the relevant Final Terms or Drawdown Prospectus for communication by them to entitled account holders in substitution for publication in a daily newspaper with general circulation in London. Such notices shall be deemed to have been received by the Bondholders on the day of delivery to such clearing systems.

## **18 Indemnification of the Bond Trustee and Security Trustee**

### *(a) Indemnification of the Bond Trustee*

The Bond Trust Deed contains provisions for indemnification of the Bond Trustee, and for its relief from responsibility, including provisions relieving it from taking any action including taking proceedings against the Issuer, any Financial Guarantor and or any other person unless indemnified and/or secured to its satisfaction. The Bond Trustee or any of its affiliates (as defined in Condition (Indexation)) are entitled to enter into business transactions with the Issuer, any Financial Guarantor, the other Secured Creditors or any of their respective subsidiaries or associated companies without accounting for any profit resulting therefrom.

### *(b) Indemnification of the Security Trustee*

Subject to the Entrenched Rights and Reserved Matters of the Security Trustee, the Security Trustee will only be required to take any action under or in relation to, or to enforce or protect the Security, or any other security interest created by a Finance Document, or a document referred to therein, if instructed to act by the Majority Creditors or Secured Creditors (or their representatives) (as appropriate) and if indemnified to its satisfaction.

### *(c) Directions, Duties and Liabilities*

Neither the Security Trustee nor the Bond Trustee, in the absence of its own wilful misconduct, gross negligence or fraud, and in all cases when acting as directed by or subject to the agreement of the Majority Creditors or Secured Creditors (or their representatives) (as appropriate), shall in any way be responsible for any loss, costs, damages or expenses or other liability, which may result from the exercise or non-exercise of any consent, waiver, power, trust, authority or discretion vested in the Security Trustee or the Bond Trustee pursuant to the STID, any Finance Document or any Ancillary Document.

## **19 European Economic and Monetary Union**

### *(a) Notice of redenomination*

The Issuer may, without the consent of the Bondholders, and on giving at least 30 days' prior notice to the Bondholders, the Financial Guarantors, the Bond Trustee and the Principal Paying Agent, designate a date (the "Redenomination Date"), being an Interest Payment Date under the Bonds falling on or after the date on which the United Kingdom becomes a Participating Member State.

### *(b) Redenomination*

Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:

- (i) the Bonds of each Sub-Class denominated in sterling (the "Sterling Bonds") shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Bond equal to the principal amount of that Bond in sterling, converted into euro at the rate for



conversion of such currency into euro established by the Council of the European Union pursuant to the Treaty establishing the EU, as amended, (including compliance with rules relating to rounding in accordance with European Community regulations), provided, however, that, if the Issuer determines, with the agreement of the Bond Trustee, that the then current market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Bondholders and the Irish Stock Exchange, on which the Bonds are then listed and the Principal Paying Agent of such deemed amendments;

- (ii) if Bonds have been issued in definitive form:
  - (A) all Bonds denominated in sterling will become void with effect from the date (the “Euro Exchange Date”) on which the Issuer gives notice (the “Euro Exchange Notice”) to the Bondholders and the Bond Trustee that replacement Bonds denominated in euro are available for exchange (provided that such Bonds are available) and no payments will be made in respect thereof;
  - (B) the payment obligations contained in all Bonds denominated in sterling will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Bonds in accordance with this Condition 19) shall remain in full force and effect; and
  - (C) new Bonds denominated in euro will be issued in exchange for Sterling Bonds in such manner as the Principal Paying Agent or the Registrar, as the case may be, may specify and as shall be notified to the Bondholders in the Euro Exchange Notice;
- (iii) all payments in respect of the Sterling Bonds (other than, unless the Redenomination Date is on or after such date as sterling ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro by cheque drawn on, or by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Participating Member State; and
- (iv) a Bond may only be presented for payment on a day which is a business day in the place of presentation.

(c) *Interest*

Following redenomination of the Bonds pursuant to this Condition 19:

- (i) where Sterling Bonds have been issued in definitive form, the amount of interest due in respect of the Sterling Bonds will be calculated by reference to the aggregate principal amount of the Sterling Bonds presented for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01; and
- (ii) the amount of interest payable in respect of each Sub-Class of Sterling Bonds for any Interest Period shall be calculated by applying the Interest Rate applicable to the Sub-Class of Bonds denominated in euro ranking *pari passu* to the relevant Sub-Class.

## 20 Miscellaneous

(a) *Governing Law*

The Bond Trust Deed, STID, the Security Agreement, the Bonds, the Coupons, the Receipts, the Talons (if any), the relevant Financial Guarantee (if any) and the other Finance Documents are, and all matters arising from or in connection with such documents shall be governed by, and shall be construed in accordance with, English law.

(b) *Jurisdiction*

The courts of England are to have exclusive jurisdiction to settle any dispute that may arise out of or in connection with the Bonds, the Coupons, the Receipts, the Talons, the relevant Financial Guarantee (if any) and the Finance Documents and accordingly any legal action or proceedings arising out of or in connection with the Bonds, the Coupons, the Receipts, the Talons (if any) the relevant Financial Guarantee (if any) and/or the Finance Document may be brought in such courts. The Issuer has in each of the Finance Documents irrevocably submitted to the jurisdiction of such courts.

(c) *Third Party Rights*

No person shall have any right to enforce any term or condition of the Bonds or the Bond Trust Deed under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any rights or remedy which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

**3 Terms and Conditions of the Series 25 Bonds (as amended by the Deed of Variation and the Deed of Amendment)**

*[See overleaf]*

## CHAPTER 8 THE BONDS

### Terms and Conditions of the Bonds

*The following is the text of the terms and conditions which (subject to completion in accordance with the provisions of the relevant Final Terms or completion in accordance with the provisions of the relevant Drawdown Prospectus (as defined below) and, save for the italicised paragraphs) will be incorporated into each Global Bond (as defined below) representing Bonds (as defined below) in bearer form, Bonds in definitive form (if any) issued in exchange for the Global Bond(s) representing Bonds in bearer form, each Global Bond Certificate (as defined below) representing Bonds in registered form and each Individual Bond Certificate (as defined below) representing Bonds in registered form (only if such incorporation is permitted by the rules of the relevant stock exchange and agreed by the Issuer). If such incorporation is not so permitted and agreed, each Bond in bearer form and each Individual Bond Certificate representing Bonds in registered form will have endorsed thereon or attached thereto such text (as so completed, amended, varied or supplemented). Further information with respect to each Tranche (as defined below) of Bonds will be given in the relevant Final Terms or Drawdown Prospectus which will provide for those aspects of these Conditions which are applicable to such Tranche (as defined below) of Bonds, including, in the case of Wrapped Bonds (as defined below), the form of Financial Guarantee (as defined below) and endorsement and, in the case of all Sub-Classes (as defined below), the terms of the relevant advance under the relevant Issuer/TWUL Loan Agreement. If a Financial Guarantor (as defined below) is appointed in relation to any Sub-Class of Wrapped Bonds (as specified in the relevant Drawdown Prospectus) a supplement to this Prospectus will be produced providing such information about such Financial Guarantor as may be required by the rules of the Irish Stock Exchange on which such Bonds are admitted to listing and/or trading. References in the Conditions to “Bonds” are, as the context requires, references to the Bonds of one Sub-Class only, not to all Bonds which may be issued under the Programme.*

Thames Water Utilities Cayman Finance Limited (the “Issuer”) has established a guaranteed bond programme (the “Programme”) for the issuance of up to £10,000,000,000 guaranteed bonds (the “Bonds”). Bonds issued under the Programme on a particular Issue Date comprise a Series (a “Series”), and each Series comprises one or more Classes of Bonds (each a “Class”). Each Class may comprise one or more sub-classes (each a “Sub-Class”) and each Sub-Class comprising one or more tranches (each a “Tranche”).

Certain of the Bonds will be subject to a Financial Guarantee and will be designated as “Class A Wrapped Bonds” or “Class B Wrapped Bonds”. The Bonds which are not subject to a Financial Guarantee will be designated as “Class A Unwrapped Bonds” (and, together with the Class A Wrapped Bonds, the “Class A Bonds”) or “Class B Unwrapped Bonds” (and, together with the Class B Wrapped Bonds, the “Class B Bonds”). Each Sub-Class will be denominated in different currencies or will have different interest rates, maturity dates or other terms. Bonds of any Class may be zero coupon bonds (“Zero Coupon Bonds”), fixed rate bonds (“Fixed Rate Bonds”), floating rate bonds (“Floating Rate Bonds”), index-linked bonds (“Indexed Bonds”), dual currency bonds (“Dual Currency Bonds”) or instalment bonds (“Instalment Bonds”) depending on the method of calculating interest payable in respect of such Bonds and may be denominated in sterling, euro, U.S. dollars or in other currencies subject to compliance with applicable law.

The terms and conditions applicable to any particular Sub-Class of Bonds are these terms and conditions (“Conditions”) as supplemented, amended and/or replaced by a set of final terms in relation to such Sub-Class (a “Final Terms”) or a drawdown prospectus (a “Drawdown Prospectus”). In the event of any inconsistency between these Conditions and the relevant Final Terms or Drawdown Prospectus, the relevant Final Terms or Drawdown Prospectus (as applicable) shall prevail.

The Final Terms or Drawdown Prospectus for the Bonds (or the relevant provisions thereof) supplements these Conditions and a Drawdown Prospectus may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of the Bonds. Reference to “Final Terms” or “Drawdown Prospectus” is to the Final Terms or, as the case may be, Drawdown Prospectus (or the relevant provisions thereof) applicable to the Bonds.

The Bonds are subject to and have the benefit of a trust deed dated the Initial Issue Date (as defined below) (as amended, supplemented, restated and/or novated from time to time, the “Bond Trust Deed”) between the Issuer, any Financial Guarantor (as defined below) acceding thereto and Deutsche Trustee Company Limited as trustee (the “Bond Trustee”, which expression includes the trustee or trustees for the time being of the Bond Trust Deed).

The Class A Wrapped Bonds and the Class B Wrapped Bonds (each “Wrapped Bonds”) alone will be unconditionally and irrevocably guaranteed as to scheduled payments of principal and interest (as adjusted for indexation, as applicable, but excluding any additional amounts relating to premium, prepayment or acceleration, accelerated amounts and amounts (if any), in the case of Fixed Rate Bonds or Indexed Bonds (other than deferred interest), representing step-up fees at a rate specified in the relevant Drawdown Prospectus in excess of the initial Coupons on such Sub-Class as at the relevant Issue Date (as defined in Condition 6(m) (*Definitions*)), and, in the case of Floating Rate Bonds, representing step-up fees at a rate specified in the relevant Drawdown Prospectus in excess of the initial Margin on the Coupons on such Sub-Class as at the relevant Issue Date (as defined in Condition 6(m) (*Definitions*)) (in each case, the “Subordinated Step-up Fee Amounts”), all such amounts being the “FG Excepted Amounts”) pursuant to a financial guarantee (each, a “Financial Guarantee”) to be issued by financial guarantors (each a “Financial Guarantor”) in conjunction with the issue of each Sub-Class of Bonds.

Neither of the Class A Unwrapped Bonds or the Class B Unwrapped Bonds (each “Unwrapped Bonds”) will have the benefit of any such Financial Guarantee.

The Bonds have the benefit (to the extent applicable) of an agency agreement (as amended, supplemented and/or restated from time to time, the “Agency Agreement”) dated the Initial Issue Date (to which the Issuer, the Bond Trustee, the Principal Paying Agent and the other Paying Agents (in the case of Bearer Bonds) or the Transfer Agents and the Registrar (in the case of Registered Bonds) are party). As used herein, each of “Principal Paying Agent”, “Paying Agents”, “Agent Bank”, “Transfer Agents” and/or “Registrar” means, in relation to the Bonds, the persons specified in the Agency Agreement as the Principal Paying Agent, Paying Agents, Agent Bank, Transfer Agents and/or Registrar, respectively, and, in each case, any successor to such person in such capacity. The Bonds may also have the benefit (to the extent applicable) of a calculation agency agreement (in the form or substantially in the form of Schedule 1 to the Agency Agreement, the “Calculation Agency Agreement”) between, *inter alios*, the Issuer and any calculation agent appointed by the Issuer as calculation agent (the “Calculation Agent”).

On 30 August 2007 (the “Initial Issue Date”), the Issuer entered into a security agreement (the “Security Agreement”) with Deutsche Trustee Company Limited as security trustee (the “Security Trustee”), pursuant to which the Issuer granted certain fixed and floating charge security (the “Issuer Security”) to the Security Trustee for itself and on behalf of the Bond Trustee (for itself and on behalf of the Bondholders), the Bondholders, each TWUF Bond Trustee (for itself and on behalf of the relevant Secured TWUF Bondholders), the Secured TWUF Bondholders, each Financial Guarantor, the Issuer, TWUF, each Liquidity Facility Provider, any Liquidity Facility Arrangers, each Finance Lessor, the Hedge Counterparties, the Liquidity Facility Agents, the Initial Credit Facility Agent, the Initial Credit Facility Providers, each Authorised Credit Provider (as defined below), each Agent, the Account Bank, the Cash Manager (other than when the Cash Manager is TWUL), the Standstill Cash Manager and any Additional Secured Creditors (each as defined therein) (together with the Security Trustee, the “Secured Creditors”). On the Initial Issue Date, the Issuer entered into a Security Trust and Intercreditor Deed (the “STID”) with, among others, the Security Trustee, other Secured Creditors and certain Secondary Market Guarantors and pursuant to which the Security Trustee holds the Security on trust for itself and the other Secured Creditors and the Secured Creditors and the Secondary Market Guarantors agree to certain intercreditor arrangements.

The Issuer entered into a dealership agreement dated 24 August 2007 (as amended, supplemented and/or restated from time to time, the “Dealership Agreement”) with the dealers named therein (the “Dealers”) in respect of the Programme, pursuant to which any of the Dealers may enter into a subscription agreement in relation to each Sub-Class of Bonds issued by the Issuer, and pursuant to which the Dealers have agreed to subscribe for the relevant Sub-Class of Bonds. In any subscription agreement relating to a Sub-Class of Bonds, any of the Dealers may agree to procure subscribers to subscribe for the relevant Sub-Class of Bonds.

On the Initial Issue Date, the Issuer entered into a Common Terms Agreement (the “Common Terms Agreement”) with, among others, the Security Trustee, pursuant to which the Issuer makes certain representations, warranties and covenants and which sets out in Schedule 7 thereof the Events of Default (as defined therein) in relation to the Bonds.

The Issuer has entered or may enter into liquidity facility agreements (together, the “Liquidity Facility Agreements”) with certain liquidity facility providers (together, the “Liquidity Facility Providers”) pursuant to which the Liquidity Facility Providers agree to make certain facilities available to meet liquidity shortfalls (including debt service liquidity shortfalls and shortfalls in operating and maintenance expenditure of TWUL).

The Issuer has entered or may enter into certain revolving credit facilities (together, the “Authorised Credit Facilities”) with certain lenders (the “Authorised Credit Providers”), pursuant to which the Authorised Credit Providers agree to make certain facilities available to the Issuer for the purpose of funding certain working capital, capital expenditure and other expenses of the TWU Financing Group.

TWUL and/or the Issuer and/or TWUF may enter into certain currency, index linked and interest rate hedging agreements (together, the “Hedging Agreements”) with certain hedge counterparties (together the “Hedge Counterparties”) in respect of certain Sub-Classes of Bonds and Authorised Credit Facilities, pursuant to which the Issuer, TWUF or TWUL, as the case may be, hedges certain of its currency, index linked and interest rate obligations.

The Bond Trust Deed, the Bonds (including the applicable Final Terms) or Drawdown Prospectus, the Secured TWUF Bond Trust Deeds, the Secured TWUF Bonds (including the applicable final terms), the Security Agreement, the STID, (the STID, the Security Agreement and any other documentation evidencing or creating security over any asset of an Obligor to a Secured Creditor under the Finance Documents being together the “Security Documents”), the Financial Guarantee Fee Letters, the Finance Lease Documents, the Agency Agreement, the Liquidity Facility Agreements, the Hedging Agreements, the Initial Credit Facility Agreement, the Issuer/TWUL Loan Agreements, the TWUF/TWUL Loan Agreements, the TWUL/TWH Loan Agreement, the G&R Deeds, the Financial Guarantees, the CTA, the CP Agreement, the Existing Authorised Credit Finance Contracts, any other Authorised Credit Facilities, the master definitions agreement between, among others, the Issuer and the Security Trustee dated the Initial Issue Date (as amended, supplemented and/or restated from time to time, the “Master Definitions Agreement”), the account bank agreement between, among others, the account bank, the Issuer and the Security Trustee (the “Account Bank Agreement”), the Tax Deed of Covenant, any indemnification deed between, among others, a Financial Guarantor and the Dealers (an “Indemnification Deed”) and any related security document (each, if not defined above, as defined below or in the Master Definitions Agreement) are, in relation to the Bonds, (and together with each other agreement or instrument between TWUL or the Issuer (as applicable) and an Additional Secured Creditor designated as a Finance Document by TWUL or the Issuer (as applicable), the Security Trustee and such Additional Secured Creditor in the Accession Memorandum of such Additional Secured Creditor) together referred to as the “Finance Documents”.

Terms not defined in these Conditions have the meaning set out in the Master Definitions Agreement.

Certain statements in these Conditions are summaries of the detailed provisions appearing on the face of the Bonds (which expression shall include the body thereof), in the relevant Final Terms or Drawdown Prospectus or in the Bond Trust Deed, the Security Agreement or the STID. Copies of, *inter alia*, the Finance Documents are available

for inspection during normal business hours at the specified offices of the Principal Paying Agent (in the case of bearer Bonds) or the specified offices of the Transfer Agents and the Registrar (in the case of registered Bonds).

The Bondholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Bond Trust Deed, the STID, the Security Agreement, the CTA and the relevant Final Terms or Drawdown Prospectus and to have notice of those provisions of the Agency Agreement and the other Finance Documents applicable to them.

Any reference in these conditions to a matter being “specified” means as the same may be specified in the relevant Final Terms or Drawdown Prospectus.

## **1 Form, Denomination and Title**

### *(a) Form and Denomination*

The Bonds are in bearer form (“Bearer Bonds”) or in registered form (“Registered Bonds”) as specified in the applicable Final Terms or Drawdown Prospectus and, serially numbered in the Specified Denomination(s) provided that in the case of any Bonds which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Bonds). Bonds of one Specified Denomination may not be exchanged for Bonds of another Specified Denomination and Registered Bonds may not be exchanged for Bearer Bonds and *vice versa*. References in these Conditions to “Bonds” include Bearer Bonds and Registered Bonds and all Sub-Classes, Classes, Tranches and Series.

Interest-bearing Bearer Bonds are issued with Coupons (as defined below) (and, where appropriate, a Talon, (as defined below)) attached. After all the Coupons attached to, or issued in respect of, any Bearer Bond which was issued with a Talon have matured, a coupon sheet comprising further Coupons (other than Coupons which would be void) and (if necessary) one further Talon will be issued against presentation of the relevant Talon at the specified office of any Paying Agent. Any Bearer Bond the principal amount of which is redeemable in instalments may be issued with one or more Receipts (as defined below) (and, where appropriate, a Talon) attached thereto. After all the Receipts attached to, or issued in respect of, any Instalment Bond which was issued with a Talon have matured, a receipt sheet comprising further Receipts (other than Receipts which would be void) and (if necessary) a further Talon will be issued against presentation of the relevant Talon at the specified office of any Paying Agent.

### *(b) Title*

Title to Bearer Bonds, Coupons, Receipts and Talons (if any) passes by delivery. Title to Registered Bonds passes by registration in the register (the “Register”), which the Issuer shall procure to be kept by the Registrar.

In these Conditions, subject as provided below, each “Bondholder” (in relation to a Bond, Coupon, Receipt or Talon), “holder” and “Holder” means (i) in relation to a Bearer Bond, the bearer of any Bearer Bond, Coupon, Receipt or Talon (as the case may be) and (ii) in relation to Registered Bond, the person in whose name a Registered Bond is registered, as the case may be. The expressions “Bondholder”, “holder” and “Holder” include the holders of instalment receipts (which, in relation to Class A Bonds will be “Class A Receipts”, in relation to Class B Bonds, “Class B Receipts” and together, the “Receipts”), appertaining to the payment of principal by instalments (if any) attached to such Bonds in bearer form (the “Receiptholders”), the holders of the coupons (which, in relation to Class A Bonds will be “Class A Coupons”, in relation to Class B Bonds, “Class B Coupons” and

together, the “Coupons”) (if any) appertaining to interest bearing Bonds in bearer form (the “Couponholders”), and the expression Couponholders or Receiptholders includes the holders of talons in relation to Coupons or Receipts as applicable, (which, in relation to Class A Bonds will be “Class A Talons”, in relation to Class B Bonds, “Class B Talons” and together, the “Talons”) (if any) for further coupons or receipts, as applicable attached to such Bonds (the “Talonholders”).

The bearer of any Bearer Bond, Coupon, Receipt or Talon and the registered holder of any Registered Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the relevant Bond, or its theft or loss or any express or constructive notice of any claim by any other person of any interest therein other than, in the case of a Registered Bond, a duly executed transfer of such Bond in the form endorsed on the Bond Certificate in respect thereof) and no person will be liable for so treating the holder.

Bonds which are represented by a Global Bond or Global Bond Certificate 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 Drawdown Prospectus or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Bond Trustee.

(c) *Fungible Issues of Bonds comprising a Sub-Class*

A Sub-Class of Bonds may comprise a number of issues in addition to the initial Tranche of such Sub-Class, each of which will be issued on identical terms save for the first Interest Payment Date, the Issue Date and the Issue Price. Such further issues of the same Sub-Class will be consolidated and form a Series with the prior issues of that Sub-Class.

## **2 Exchanges of Bearer Bonds for Registered Bonds and Transfers of Registered Bonds**

(a) *Exchange of Bonds*

Subject to Condition 2(e) (*Closed Periods*), Bearer Bonds may, if so specified in the relevant Final Terms or Drawdown Prospectus, be exchanged at the expense of the transferor Bondholder for the same aggregate principal amount of Registered Bonds at the request in writing of the relevant Bondholder and upon surrender of the Bearer Bond to be exchanged together with all unmatured Coupons, Receipts and Talons (if any) relating to it at the specified office of the Registrar or any Transfer Agent or Paying Agent. Where, however, a Bearer Bond is surrendered for exchange after the Record Date (as defined below) for any payment of interest or Interest Amount (as defined below), the Coupon in respect of that payment of interest or Interest Amount need not be surrendered with it.

Registered Bonds may not be exchanged for Bearer Bonds.

(b) *Transfer of Registered Bonds*

A Registered Bond may be transferred upon the surrender of the relevant Individual Bond Certificate, together with the form of transfer endorsed on it duly completed and executed, at the specified office of any Transfer Agent or the Registrar. However, a Registered Bond may not be transferred unless (i) the principal amount of Registered Bonds proposed to be transferred; and (ii) the principal amount of the Registered Bonds proposed to be the principal amount of the balance of Registered Bonds to be retained by the relevant transferor are, in each case, Specified Denominations (as specified in the relevant Final Terms or Drawdown Prospectus). In the case of a transfer of part only of a holding of



Registered Bonds represented by an Individual Bond Certificate, a new Individual Bond Certificate in respect of the balance not transferred will be issued to the transferor within three business days (in the place of the specified office of the Transfer Agent or the Registrar) of receipt of such form of transfer.

(c) *Delivery of New Individual Bond Certificates*

Each new Individual Bond Certificate to be issued upon exchange of Bearer Bonds or transfer of Registered Bonds will, within three business days (in the place of the specified office of the Transfer Agent or the Registrar) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or the Registrar stipulated in the request for exchange or form of transfer, or be mailed at the risk of the Bondholder entitled to the Individual Bond Certificate to such address as may be specified in such request or form of transfer. For these purposes, a form of transfer or request for exchange received by the Registrar after the Record Date (as defined below) in respect of any payment due in respect of Registered Bonds shall be deemed not to be effectively received by the Registrar until the business day (as defined below) following the due date for such payment.

(d) *Exchange at the Expense of Transferor Bondholder*

Registration of Bonds on exchange or transfer will be effected at the expense of the transferor Bondholder by or on behalf of the Issuer, the Transfer Agent or the Registrar, and upon payment of (or the giving of such indemnity as the Transfer Agent or the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.

(e) *Closed Periods*

No transfer of a Registered Bond may be registered, nor any exchange of a Bearer Bond for a Registered Bond may occur during the period of 15 days ending on the due date for any payment of principal, interest, Interest Amount (as defined below) or Redemption Amount (as defined below) on that Bond.

### **3 Status of Bonds and Financial Guarantee**

(a) *Status of Class A Bonds*

This Condition 3(a) is applicable only in relation to Bonds which are specified as being a Sub-Class of Class A Bonds.

The Class A Bonds, Class A Coupons, Class A Talons and Class A Receipts (if any) are direct and unconditional obligations of the Issuer, are secured in the manner described in Condition 4 (*Security, Priority and Relationship with Secured Creditors*) and rank *pari passu* without any preference among themselves. However, the Class A Unwrapped Bonds will not have the benefit of any Financial Guarantee.

(b) *Status of Class B Bonds*

This Condition 3(b) is applicable only in relation to Bonds which are specified as being a Sub-Class of Class B Bonds.

The Class B Bonds, Class B Coupons, Class B Talons and Class B Receipts (if any) are direct and unconditional obligations of the Issuer, are secured in the manner described in Condition 4 (*Security, Priority and Relationship with Secured Creditors*), are subordinated to the Class A Bonds, Class A Coupons, Class A Receipts and Class A Talons (if any) and rank *pari passu* without any preference

among themselves. However, the Class B Unwrapped Bonds will not have the benefit of any Financial Guarantee.

(c) *Financial Guarantee Issued by Financial Guarantor*

This Condition 3(c) is applicable only in relation to Bonds which are specified as being a Sub-Class of Wrapped Bonds (which may only be issued by way of Drawdown Prospectus).

Each Sub-Class of each Class of Wrapped Bonds will have the benefit of a Financial Guarantee issued by a Financial Guarantor, issued pursuant to a guarantee and reimbursement deed between, amongst others, the Issuer and a Financial Guarantor dated on or before the relevant Issue Date (as defined below) of such Bonds (each a “G&R Deed”). Under the relevant Financial Guarantee, the relevant Financial Guarantor unconditionally and irrevocably agrees to pay to the Bond Trustee all sums due and payable but unpaid by the Issuer in respect of scheduled interest and payment of principal (but excluding FG Excepted Amounts) on such Wrapped Bonds, all as more particularly described in the relevant Financial Guarantee.

The terms of the relevant Financial Guarantee provide that amounts of principal on any such Bonds which have become immediately due and payable (whether by virtue of acceleration, prepayment or otherwise) other than on the relevant Payment Date (as defined under the Financial Guarantee) will not be treated as Guaranteed Amounts (as defined in the Financial Guarantee) which are Due for Payment (as defined in the Financial Guarantee) under the Financial Guarantee unless the Financial Guarantor in its sole discretion elects so to do by notice in writing to the Bond Trustee. The Financial Guarantor may elect to accelerate payments due under the Financial Guarantee in full or in part. All payments made by the relevant Financial Guarantor under the relevant Financial Guarantee in respect of partial acceleration shall be applied (i) to pay the Interest (as defined in the relevant Financial Guarantee) accrued but unpaid on the Principal (as defined in the relevant Financial Guarantee) of such part of the accelerated payment; and (ii) to reduce the Principal (as defined in the relevant Financial Guarantee) (or, in the case of Wrapped Bonds repayable in instalments, each principal repayment instalment on a pro rata basis with a corresponding reduction of each amount of the Interest (as determined in the Financial Guarantee)) outstanding under the relevant Sub-Classes of Wrapped Bonds. If no such election is made, the Financial Guarantor will continue to be liable to make payments in respect of the Bonds pursuant to the relevant Financial Guarantee on the dates on which such payments would have been required to be made if such amounts had not become immediately due and payable.

To the extent that the early redemption price of any Bonds exceeds the aggregate of the Principal Amount Outstanding of and any accrued interest outstanding on any such Bonds to be redeemed (each as adjusted for indexation in accordance with Condition 7(b) (Application of the Index Ratio), if applicable), payment of such early redemption price will not be guaranteed by the Financial Guarantor under the relevant Financial Guarantee.

(d) *Status of Financial Guarantee*

This Condition 3(d) is applicable only in relation to Bonds which are specified as being a Sub-Class of Wrapped Bonds (which may only be issued by way of Drawdown Prospectus).

The relevant Financial Guarantee provided by the Financial Guarantor in respect of the Bonds will constitute a direct, unsecured obligation of the Financial Guarantor which will rank at least *pari passu* with all other unsecured obligations of such Financial Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(e) *Security Trustee not responsible for monitoring compliance*

Subject to certain exceptions, when granting any consent or waiver or exercising any power, trust, authority or discretion relating to or contained in the STID, the other Finance Documents or any Ancillary Documents, the Security Trustee will act in accordance with its sole discretion (where granted such right) or as directed, requested or instructed by or subject to the agreement of the Majority Creditors or, in particular cases, other specified parties and in accordance with the provisions of the STID.

The Security Trustee shall not be responsible for monitoring compliance by TWUL with any of its obligations under the Finance Documents to which it is a party except by means of receipt from TWUL of certificates of compliance which TWUL has covenanted to deliver to the Security Trustee pursuant to the provisions of the CTA and which will state among other things, that no Default is outstanding. The Security Trustee shall be entitled to rely on certificates absolutely unless it is instructed otherwise by the Majority Creditors in which case it will be bound to act on such instructions in accordance with the STID. The Security Trustee is not responsible for monitoring compliance by any of the parties with their respective obligations under the Finance Documents. The Security Trustee may call for and is at liberty to accept as sufficient evidence a certificate signed by any two Authorised Signatories of any Obligor or any other party to any Finance Document to the effect that any particular dealing, transaction, step or thing is in the opinion of the persons so certifying suitable or expedient or as to any other fact or matter upon which the Security Trustee may require to be satisfied. The Security Trustee is in no way bound to call for further evidence or be responsible for any loss that may be occasioned by acting on any such certificate although the same may contain some error or is not authentic. The Security Trustee is entitled to rely upon any certificate believed by it to be genuine and will not be liable for so acting.

All Bondholders shall (on providing sufficient evidence of identity) be entitled to view a copy of the Periodic Information as and when available to the Security Trustee pursuant to the terms of the CTA and to view a copy of the unaudited interim accounts and audited annual accounts of TWUL within 90 days of 30 September and 180 days of 31 March of each year, respectively.

In addition, each Guarantor has covenanted to provide the Security Trustee with certain additional information (as set out in Schedule 5, Part 1 “Information Covenants” of the CTA). Such information may be published on a website designated by the relevant Guarantor and the Security Trustee.

In the event the relevant website cannot be accessed for technical reasons or is non-operational or is infected by an electronic virus or function software for a period of five consecutive days, all such information set out above which would otherwise be available will be delivered to the Security Trustee in paper form for onward delivery to the Bond Trustee and the Agents. Copies of such information will be available for inspection at the specified office of the Agents and the Bond Trustee.

#### **4 Security, Priority and Relationship with Secured Creditors**

(a) *Guarantee and Security*

Under the Security Agreement, Thames Water Utilities Holdings Limited (“TWH”) guarantees the obligations of each other Obligor under the Finance Documents and TWUL, TWUF, TWUCFH and the Issuer will guarantee the obligations of each other under the Finance Documents, in each case to the Security Trustee for itself and on behalf of the Secured Creditors (including, without limitation, the Bond Trustee for itself and on behalf of the Bondholders) and secures such obligations upon the whole of its property, undertaking, rights and assets, subject to certain specified exceptions and, in the case of

TWUL, to the terms of the Instrument of Appointment (as defined below) and any requirements thereunder or the Act (as defined below). There is no intention to create further security for the benefit of the holders of Bonds issued after the Initial Issue Date. All Bonds issued by the Issuer under the Programme and any additional creditor of the Issuer acceding to the STID will share in the security (the “Security”) constituted by the Security Documents.

In these Conditions:

the “Act” means the United Kingdom Water Industry Act 1991 (as amended); and “Instrument of Appointment” means the instrument of appointment dated 1989 as amended under which the Secretary of State for the Environment appointed TWUL as a water and sewerage undertaker under the Act for the areas described in the Instrument of Appointment, as modified or amended from time to time.

“Obligors” means TWUL, TWUF, TWH, TWUCFH and the Issuer.

(b) *Relationship among Bondholders and with other Secured Creditors*

The Bond Trust Deed contains provisions detailing the Bond Trustee’s obligations to consider the interests of the Bondholders as regards all powers, trusts and authorities, duties and discretions of the Bond Trustee (except where expressly provided or otherwise referred to in Condition 16 (*Bond Trustee Protections*)).

The STID provides that the Security Trustee (except in relation to its Reserved Matters and Entrenched Rights and subject to certain exceptions) will act on instructions of the Majority Creditors (including the Bond Trustee as trustee for and representative of the holders of each Sub-Class of Wrapped Bonds (following the occurrence of an FG Event of Default in respect of the Financial Guarantor of such Wrapped Bonds which is continuing) and the holders of Unwrapped Bonds) and, when so doing, the Security Trustee is not required to have regard to the interests of any Secured Creditor (including the Bond Trustee as trustee for and representative of the Bondholders or any individual Bondholder) in relation to the exercise of such rights and, consequently, has no liability to the Bondholders as a consequence of so acting.

(c) *Enforceable Security*

In the event of the Security becoming enforceable as provided in the STID, the Security Trustee shall, if instructed by the Majority Creditors, enforce its rights with respect to the Security, but without any liability as to the consequence of such action and without having regard to the effect thereof on, or being required to account for such action to, any particular Bondholder, provided that the Security Trustee shall not be obliged to take any action unless it is indemnified and/or secured to its satisfaction.

(d) *Application After Enforcement*

After enforcement of the Security, the Security Trustee shall (to the extent that such funds are available) use funds standing to the credit of the Accounts (other than the Excluded Accounts) to make payments in accordance with the Payment Priorities (as set out in the CTA).

(e) *Bond Trustee and Security Trustee not liable for security*

The Bond Trustee and the Security Trustee will not be liable for any failure to make the usual investigations or any investigations which might be made by a security holder in relation to the property which is the subject of the Security, and shall not be bound to enquire into or be liable for any defect or failure in the right or title of the relevant Obligor to the Security, whether such defect or failure was known to the Bond Trustee or the Security Trustee or might have been discovered upon

examination or enquiry or whether capable of remedy or not, nor will it have any liability for the enforceability of the Security created under the Security Documents whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting such Security. The Bond Trustee and the Security Trustee have no responsibility for the value of any such Security.

## **5 Issuer Covenants**

So long as any of the Bonds remain Outstanding, the Issuer has agreed to comply with the covenants as set out in Schedule 4 of the CTA.

The Bond Trustee shall be entitled to rely absolutely on a certificate of any director of the Issuer in relation to any matter relating to such covenants and to accept without liability any such certificate as sufficient evidence of the relevant fact or matter stated in such certificate.

## **6 Interest and other calculations**

### *(a) Interest on Fixed Rate Bonds and Indexed Bonds*

This Condition 6(a) is applicable only if the relevant Final Terms or Drawdown Prospectus specifies the Bonds as Fixed Rate Bonds or Indexed Bonds.

Each Fixed Rate Bond and Indexed Bond bears interest on its Principal Amount Outstanding and, if it is an Indexed Bond, adjusted for indexation in accordance with Condition 7 (*Indexation*) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Interest Rate(s). Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

For the avoidance of doubt, the amount of interest payable in respect of each Bond shall be the amount of interest payable per Calculation Amount multiplied by the Principal Amount Outstanding of such Bond and divided by the Calculation Amount and rounding the resultant figure to the nearest unit of the Relevant Currency in accordance with Condition 6(e) (*Rounding*).

The amount of interest payable per Calculation Amount in respect of any Bond for any Fixed Interest Period shall be equal to the product of the Interest Rate, the Calculation Amount specified, and the Day Count Fraction for such Fixed Interest Period and rounding the resultant figure to the nearest unit of the Relevant Currency in accordance with Condition 6(e) (*Rounding*), unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Period, in which case the amount of interest payable per Calculation Amount in respect of such Bond for such Fixed Interest Period shall equal such Interest Amount (or be calculated in accordance with such formula).

Where any Interest Period comprises two or more Fixed Interest Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Fixed Interest Periods.

As used in these 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.

If interest is required to be calculated for a period other than a Fixed Interest Period or if no Fixed Coupon Amount is specified in the applicable Final Terms or Drawdown Prospectus, such interest payable per Calculation Amount shall be calculated (i) in the case of Bonds other than Indexed Bonds, by applying the Interest Rate to the Calculation Amount specified, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest unit of the Relevant

Currency in accordance with Condition 6(e) (*Rounding*) and (ii) in the case of Indexed Bonds, on an Actual/Actual basis.

(b) *Interest on Floating Rate Bonds*

This Condition 6(b) is applicable only if the relevant Final Terms or Drawdown Prospectus specifies the Bonds as Floating Rate Bonds.

(i) *Interest Payment Dates*

Each Floating Rate Bond bears interest on its Principal Amount Outstanding 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 Drawdown Prospectus; or
- (B) if no Specified Interest Payment Date(s) is/are expressly specified in the applicable Final Terms or Drawdown Prospectus, 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 or Drawdown Prospectus 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.

For the avoidance of doubt, the amount of interest payable in respect of each Bond shall be the amount of interest payable per Calculation Amount multiplied by the Principal Amount Outstanding of such Bond and divided by the Calculation Amount and rounding the resultant figure to the nearest unit of the Relevant Currency in accordance with Condition 6(e) (*Rounding*).

(ii) *Interest Rate(s)*

The Interest Rate(s) payable from time to time in respect of the Floating Rate Bonds will be determined in the manner specified herein and the provisions below relating to either Screen Rate Determination or ISDA Determination, depending upon which is specified in the applicable Final Terms or Drawdown Prospectus.

- (A) If “Screen Rate Determination” is specified in the relevant Final Terms or Drawdown Prospectus as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the Bonds for each Interest Period will be determined by the Agent Bank (or the Calculation Agent, if applicable) on the following basis:
  - (1) if the Page (as defined below) displays a rate which is a composite quotation or customarily supplied by one entity, the Agent Bank (or the Calculation Agent, if applicable) will determine the Relevant Rate (as defined in Condition 6(m) (*Definitions*), being either EURIBOR or LIBOR, as specified in the applicable Final Terms or Drawdown Prospectus);
  - (2) in any other case, the Agent Bank (or the Calculation Agent, if applicable) will determine the arithmetic mean of the Relevant Rates (as defined in Condition 6(m) (*Definitions*)) which appear on the Page as of the Relevant Time (as defined in Condition 6(m) (*Definitions*)) on the relevant Interest Determination Date;

- (3) if, in the case of (i) above, such rate does not appear on that Page or, in the case of (ii) above, fewer than two such rates appear on that Page or if, in either case, the Page is unavailable, the Agent Bank (or the Calculation Agent, if applicable) will:
- (A) request the principal Relevant Financial Centre office of each of the Reference Banks (as defined in Condition 6(m) (*Definitions*)) to provide a quotation of the Relevant Rate at approximately the Relevant Time on the relevant Interest Determination Date to prime banks in the Relevant Financial Centre (as defined in Condition 6(m) (*Definitions*)) interbank market (or, if appropriate, money market) in an amount that is representative for a single transaction in that market at that time; and
  - (B) determine the arithmetic mean of such quotations; and
- (4) if fewer than two such quotations are provided as requested in Condition 6(b)(iii), the Agent Bank (or the Calculation Agent, if applicable) will determine the arithmetic mean of the rates (being the rates nearest to the Relevant Rate as determined by the Agent Bank (or the Calculation Agent, if applicable)) quoted by the Reference Banks at approximately 11.00 a.m. (local time in the Relevant Financial Centre of the Relevant Currency) on the first day of the relevant Interest Period (as defined in Condition 6(m) (*Definitions*)) for loans in the Relevant Currency to leading European banks for a period equal to the relevant Interest Period and in the Representative Amount (as defined in Condition 6(m) (*Definitions*)),

and the Interest Rate for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined. However, if the Agent Bank is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Interest Rate applicable to the Bonds during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Bonds in respect of a preceding Interest Period.

- (B) If “ISDA Determination” is specified in the relevant Final Terms or Drawdown Prospectus as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate(s) applicable to the Bonds for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Agent Bank (or the Calculation Agent, if applicable) under an interest rate swap transaction if the Agent Bank (or the Calculation Agent, if applicable) were acting as calculation agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (1) Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms or Drawdown Prospectus;
  - (2) the Designated Maturity (as defined in the ISDA Definitions) is the Specified Duration (as defined in Condition 6(m) (*Definitions*)); and
  - (3) the relevant Reset Date (as defined in the ISDA Definitions) is either (1) if the relevant Floating Rate Option is based on LIBOR for a currency, the first day of

that Interest Period, (2) if the relevant Floating Rate Option is based on EURIBOR, the first day of that Interest Period or (3) in any other case, as specified in the relevant Final Terms or Drawdown Prospectus.

(iii) *Calculations*

The amount of interest payable in respect of any Floating Rate Bond for each Interest Period shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount specified by the Day Count Fraction (as defined in Condition 6(m) (*Definitions*)) and rounding the resultant figure to the nearest unit of the Relevant Currency (rounded in accordance with Condition 6(e) (*Rounding*)).

(c) *Interest on Dual Currency Bonds*

The rate or amount of interest payable in respect of Dual Currency Bonds (other than Dual Currency Bonds which are Zero Coupon Bonds) shall be determined in the manner specified in the applicable Final Terms.

(d) *Minimum Interest Rate and/or Maximum Interest Rate*

If any Maximum Interest Rate or Minimum Interest Rate is specified in the relevant Final Terms or Drawdown Prospectus, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified, as the case may be.

(e) *Rounding*

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified):

- (i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up);
- (ii) all figures will be rounded to seven significant figures (with halves being rounded up); and
- (iii) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes, “unit” means, with respect to any currency other than euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to euro, means 0.01 euro.

(f) *Business Day Convention*

If any date referred to in these Conditions or the relevant Final Terms or Drawdown Prospectus is specified to be subject to adjustment in accordance with a Business Day convention and (x) if there is no numerically corresponding day on the calendar month in which such date should occur or (y) such date would otherwise fall on a day which is not a Business Day (as defined in Condition 6(m) (*Definitions*)), then if the Business Day Convention specified in the relevant Final Terms or Drawdown Prospectus is:

- (i) the “Following Business Day Convention”, such date shall be postponed to the next day which is a Business Day;
- (ii) the “Modified Following Business Day Convention”, such 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 date shall be brought forward to the immediately preceding Business Day; or



(iii) the “Preceding Business Day Convention”, such date shall be brought forward to the immediately preceding Business Day.

(g) *Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts*

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Agent Bank (or the Calculation Agent, if applicable) may be required to calculate any Redemption Amount or the amount of an instalment of scheduled principal (an “Instalment Amount”), obtain any quote or make any determination or calculation, the Agent Bank (or the Calculation Agent, if applicable) will determine the Interest Rate and calculate the Interest Amount for the relevant Interest Period (including, for the avoidance of doubt any applicable Index Ratio to be calculated in accordance with Condition 7(b) (*Application of the Index Ratio*), calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount, Principal Amount Outstanding or any Instalment Amount to be notified to, in the case of Bearer Bonds, the Paying Agents or in the case of Registered Bonds, the Registrar, and, in each case, the Bond Trustee, the Issuer, the Bondholders and the Irish Stock Exchange and each other listing authority, stock exchange and/or quotation system by which the relevant Bonds have then been admitted to listing, trading and/or quotation) as soon as possible after its determination but in no event later than (i) (in case of notification to the Irish Stock Exchange and each other listing authority, stock exchange and/or quotation system by which the relevant Bonds have then been admitted to listing, trading and/or quotation) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate and Interest Amount; or (ii) in all other cases, the fourth Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Sub-Class or Tranche of Bonds are for the time being listed or by which they have been admitted to listing and to the Bondholders in accordance with Condition 17 (*Notices*). If the Bonds become due and payable under Condition 11 (*Events of default*), the accrued interest and the Interest Rate payable in respect of the Bonds shall nevertheless continue to be calculated as previously provided in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made unless otherwise required by the Bond Trustee. If the Calculation Amount is less than the minimum Specified Denomination, the Agent Bank (or the Calculation Agent, if applicable) shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Bond having the minimum Specified Denomination. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Agent Bank (or the Calculation Agent, if applicable) or, as the case may be, the Bond Trustee pursuant to this Condition 6 or Condition 7 (*Indexation*), shall (in the absence of manifest error) be final and binding upon all parties.

(h) *Accrual of Interest*

Interest will cease to accrue on each Bond (or, in the case of the redemption of part only of a Bond, that part only of such Bond) on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (both before

and after judgment) at the Interest Rate in the manner provided in this Condition 6 to the Relevant Date (as defined in Condition 6(m) (*Definitions*)).

(i) *Deferral of interest on Class B Bonds*

This Condition 6(i) is applicable only in relation to Bonds which are specified as being Class B Bonds.

In the case of interest on Class B Bonds only, if, on any Interest Payment Date prior to the taking of Enforcement Action after the termination of a Standstill Period, there are insufficient funds available to the Issuer (after taking into account any amounts available to be drawn under any DSR Liquidity Facility or from the Debt Service Reserve Accounts) to pay such accrued interest, the Issuer's liability to pay such accrued interest will be treated as not having fallen due and will be deferred until the earliest of: (i) the next following Interest Payment Date on which the Issuer has, in accordance with the cash management provisions of Schedule 11 (*Cash Management*) of the CTA, sufficient funds available to pay such deferred amounts (including any interest accrued thereon); (ii) the date on which the Class A Debt has been paid in full; and (iii) an Acceleration of Liabilities (other than a Permitted Hedge Termination, a Permitted Lease Termination or a Permitted EIB Compulsory Prepayment Event) and in the case of a Permitted Share Pledge Acceleration only to the extent that there would be sufficient funds available in accordance with the Payment Priorities to pay such deferred interest (including any interest accrued thereon). Interest will accrue on such deferred interest at the rate otherwise payable on unpaid principal of such Class B Bonds.

(j) *Agent Bank, Calculation Agent and Reference Banks*

The Issuer will procure that there shall at all times be an Agent Bank (and a Calculation Agent, if applicable) and four Reference Banks selected by the Issuer acting through the Agent Bank (or the Calculation Agent, if applicable) with offices in the Relevant Financial Centre if provision is made for them in these Conditions applicable to this Bond and for so long as it is Outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer acting through the Agent Bank (or the Calculation Agent, if applicable) will select another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. If the Agent Bank (or the Calculation Agent, if applicable) is unable or unwilling to act as such or if the Agent Bank (or the Calculation Agent, if applicable) fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint (with the prior written consent of the Bond Trustee) a successor to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

(k) *Determination or Calculation by Bond Trustee*

If the Agent Bank (or the Calculation Agent, if applicable) does not at any time for any reason determine any Interest Rate, Interest Amount, Redemption Amount, Instalment Amount or any other amount to be determined or calculated by it, the Bond Trustee shall (without liability for so doing) determine such Interest Rate, Interest Amount, Redemption Amount, Instalment Amount or other amount as aforesaid at such rate or in such amount as in its absolute discretion (having regard as it shall think fit to the procedures described above, but subject to the terms of the Bond Trust Deed and always subject to any Minimum Interest Rate or Maximum Interest Rate specified in the applicable Final Terms or Drawdown Prospectus) it shall deem fair and reasonable in all the circumstances or, subject as aforesaid, apply the foregoing provisions of this Condition, with any consequential amendments, to the extent that, in its sole opinion, it can do so and in all other respects it shall do so in such manner as it shall, in its absolute discretion, deem fair and reasonable in the circumstances, and each such determination or calculation shall be deemed to have been made by the Agent Bank (or the Calculation Agent, if applicable).

(l) *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 Condition 6 (*Interest and other Calculations*) whether by the Principal Paying Agent, the Agent Bank (or the Calculation Agent, if applicable) or, if applicable, any calculation agent, shall (in the absence of wilful default, negligence, bad faith or manifest error) be binding on the Issuer, TWUL, TWUF, TWH, TWUCFH, the Agent Bank, the Bond Trustee, the Principal Paying Agent, the other Agents and all Bondholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, TWUL, TWUF, TWH, TWUCFH, the Bond Trustee, the Bondholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent, the Agent Bank or, if applicable, any calculation agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(m) *Definitions*

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

“Broken Amount” means the amount specified as such in the relevant Final Terms or Drawdown Prospectus;

“Business Day” means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in London and each (if any) additional city or cities specified in the relevant Final Terms or Drawdown Prospectus; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the principal financial centre of the Relevant Currency (which in the case of a payment in US dollars shall be New York) and in each (if any) additional city or cities specified in the relevant Final Terms or Drawdown Prospectus;

“Calculation Amount” has the meaning specified in the relevant Final Terms or Drawdown Prospectus;

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Bond for any period of time (whether or not constituting an Interest Period, the “Calculation Period”):

- (i) if “Actual/Actual (ICMA)” is specified:
  - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period; and (y) the number of Determination Periods normally ending in any year; and
  - (B) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period; and (2) the number of Determination Periods normally ending in any year; and

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

where:

“Determination Period” means the period from and including a Determination Date in any year but excluding the next Determination Date; and

“Determination Date” means the date specified as such or, if none is so specified, the Interest Payment Date;

- (ii) if “Actual/Actual” or “Actual/Actual (ISDA)” is specified, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if “Actual/365 (Fixed)” is specified, the actual number of days in the Calculation Period divided by 365;
- (iv) if “Actual/360” is specified, the actual number of days in the Calculation Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30”;

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

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31, in which case D2 will be 30”;

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

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

“EURIBOR” means the rate for Euro deposits for such period as specified in the relevant Final Terms or Drawdown Prospectus and for each Interest Period thereafter, for Euro deposits for the relevant Interest Period as determined by reference to (1) the display page designated EURIBOR01 on the Dow Jones Reuters Service (or such other page as may replace that page on that service, or such other service as may be nominated by the Agent Bank as the information vendor, for the purpose of displaying comparable rates) as of the Interest Determination Date or (2) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Agent Bank) as may replace the Dow Jones Reuters Monitor as at or about 11.00 a.m. (Brussels time);

“euro” means the lawful currency of the Participating Member States;

“Fixed Coupon Amount” means the amount specified as such in the relevant Final Terms or Drawdown Prospectus;

“Interest Amount” means:

- (i) in respect of a Fixed Interest Period, the amount of interest payable per Calculation Amount for that Fixed Interest Period and which, in the case of Fixed Rate Bonds, and unless otherwise specified, shall mean the Fixed Coupon Amount or Broken Amount specified as being payable on the Interest Payment Date at the end of the Interest Period of which such Fixed Interest Period forms part;
- (ii) in respect of an Interest Period, the amount of interest payable per Calculation Amount for that Interest Period; and
- (iii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

“Interest Commencement Date” means the Issue Date or such other date as may be specified in the relevant Final Terms or Drawdown Prospectus;

“Interest Determination Date” means, with respect to an Interest Rate and an Interest Period, the date specified as such in the relevant Final Terms or Drawdown Prospectus or, if none is so specified, the day falling two Business Days in London prior to the first day of such Interest Period (or if the Relevant Currency is sterling the first day of such Interest Period) (as adjusted in accordance with any Business Day Convention (as defined below) specified in the relevant Final Terms or Drawdown Prospectus);

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

“Interest Rate” means the rate of interest payable from time to time in respect of the Bonds and which is either specified as such in, or calculated in accordance with the provisions of, these Conditions and/or the relevant Final Terms or Drawdown Prospectus;

“ISDA Definitions” means the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of Bonds of the relevant Sub-Class as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Final Terms or Drawdown Prospectus, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of Bonds of the relevant Sub-Class (as specified in the relevant Final Terms or Drawdown Prospectus) as published by the International Swaps and Derivatives Association, Inc.);

“Issue Date” means the date specified as such in the relevant Final Terms or Drawdown Prospectus;

“LIBOR” means the rate for Sterling or U.S. dollar (as applicable) deposits for such period as specified in the relevant Final Terms or Drawdown Prospectus and for each Interest Period thereafter, for Sterling or U.S. dollar (as applicable) deposits for the relevant Interest Period as determined by reference to ICE Benchmark Administration Limited (or any other person who takes over the administration of this rate) LIBOR Rates display as quoted on the Bridge Reuters monitor as Reuters Screen LIBOR01 at 11.00 a.m. London time. If the Reuters Screen LIBOR01 stops providing these quotations, the replacement service for the purposes of displaying this information will be used. If the replacement service stops displaying the information, any page showing this information may be used. If there is more than one

service displaying the information, the one approved in writing by the Agent Bank in its sole discretion will be used;

“Margin” means the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms or Drawdown Prospectus;

“Maturity Date” means the date specified in the relevant Final Terms or Drawdown Prospectus as the final date on which the principal amount of the Bond is due and payable;

“Maximum Interest Rate” means the rate specified as such in the relevant Final Terms or Drawdown Prospectus;

“Minimum Interest Rate” means the rate specified as such in the relevant Final Terms or Drawdown Prospectus;

“Page” means such page, section, caption, column or other part of a particular information service (including the Reuters Money 3000 Service (“Reuters”)) as may be specified in the relevant Final Terms or Drawdown Prospectus as a Relevant Screen Page, or such other page, section, caption, column or other part as may replace the same on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying comparable rates or prices;

“Participating Member State” means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty establishing the European Communities (as amended), and “Participating Member States” means all of them;

“Principal Amount Outstanding” means, in relation to a Bond, Sub-Class or Class, the original face value thereof (in relation to any Indexed Bonds, as adjusted in accordance with the Conditions) less any repayment of principal made to the Holder(s) thereof in respect of such Bond, Sub-Class or Class;

“Redemption Amount” means, the amount provided under Condition 8(b) (Optional Redemption), unless otherwise specified in the relevant Final Terms or Drawdown Prospectus;

“Reference Banks” means the institutions specified as such or, if none, four major banks selected by the Agent Bank (or the Calculation Agent, if applicable) in the interbank market (or, if appropriate, money market) which is most closely connected with the Relevant Rate as determined by the Agent Bank (or the Calculation Agent, if applicable), on behalf of the Issuer, in its sole and absolute discretion;

“Relevant Currency” means the currency specified as such or, if none is specified, the currency in which the Bonds are denominated;

“Relevant Date” means the earlier of (a) the date on which all amounts in respect of the Bonds have been paid, and (b) five days after the date on which all of the Principal Amount Outstanding (adjusted in the case of Indexed Bonds in accordance with Condition 7(b) (Application of Index Ratio)) has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Bondholders in accordance with Condition 17 (Notices);

“Relevant Financial Centre” means, with respect to any Bond, the financial centre specified as such in the relevant Final Terms or Drawdown Prospectus or, if none is so specified, the financial centre with which the Relevant Rate is most closely connected as determined by the Agent Bank (or the Calculation Agent, if applicable);

“Relevant Rate” means the offered rate for a Representative Amount of the Relevant Currency for a period (if applicable) equal to the Specified Duration (or such other rate as shall be specified in the relevant Final Terms or Drawdown Prospectus);

“Relevant Screen Page” means EURIBOR, LIBOR or such page, section, caption, column or other part of a particular information service as may be specified (or any successor or replacement page, section, caption, column or other part of a particular information service);

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or Drawdown Prospectus or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

“Representative Amount” means, with respect to any rate to be determined on an Interest Determination Date, the amount specified in the relevant Final Terms or Drawdown Prospectus as such or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time;

“Specified Denomination” means the denomination specified in the relevant Final Terms or Drawdown Prospectus;

“Specified Duration” means, with respect to any Floating Rate (as defined in the ISDA Definitions) to be determined on an Interest Determination Date, the period or duration specified as such in the relevant Final Terms or Drawdown Prospectus or, if none is specified, a period of time equal to the relative Interest Period;

“Specified Interest Payment Date” means the date(s) specified as such in the relevant Final Terms or Drawdown Prospectus.

“Specified Period” means the period(s) specified as such in the relevant Final Terms or Drawdown Prospectus;

“TARGET Settlement Day” means any day on which the TARGET system is open for the settlement of payments in euro; and

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

## **7 Indexation**

This Condition 7 is applicable only if the relevant Final Terms or Drawdown Prospectus specifies the Bonds as Indexed Bonds.

### *(a) Definitions*

“affiliate” means in relation to any person, any entity controlled, directly or indirectly, by that person, any entity that controls directly or indirectly, that person or any entity, directly or indirectly under common control with that person and, for this purpose, “control” means control as defined in the Companies Act;

“Base Index Figure” means (subject to Condition 7(c)(i) (*Change in base*)) the base index figure as specified in the relevant Final Terms or Drawdown Prospectus;

“Calculation Date” means any date when a payment of interest or, as the case may be, principal falls due;



“Index” or “Index Figure” means, in relation to any relevant month (as defined in Condition 7(c)(ii) (*Delay in publication of Index*)), subject as provided in Condition 7(c)(i) (*Change in base*), (i) if RPI is specified in the relevant Final Terms, the UK Retail Price Index (RPI) (for all items) published by the Office for National Statistics (January 1987 = 100) or any comparable index which may replace the UK Retail Price Index for the purpose of calculating the amount payable on repayment of the Reference Gilt; (ii) if HICP is specified in the relevant Final Terms, the Harmonised Index of Consumer Prices for the Eurozone, excluding tobacco, non-revised, published by EUROSTAT and appearing on the AFT website (<http://www.aft.gouv.fr/>) or any comparable index which may replace the Harmonised Index of Consumer Prices for the Eurozone for the purpose of calculating the amount payable on repayment of the Reference Gilt; (iii) if CPI is specified in the relevant Final Terms, the UK Consumer Prices Index published by the Office for National Statistics (January 2015 = 100) or any comparable index which may replace the UK Consumer Prices Index for the purpose of calculating the amount payable on repayment of the Reference Gilt; or (iv) if CPIH is specified in the relevant Financial Terms, the UK Consumer Prices Index including Owner Occupiers’ Housing costs and Council Tax published by the Office for National Statistics (January 2015 = 100) or any comparable index which may replace the UK Consumer Prices Index including Owner Occupiers’ Housing costs and Council Tax for the purpose of calculating the amount payable on repayment of the Reference Gilt.

Any reference to the “Index Figure applicable” to a particular Calculation Date shall, subject as provided in Condition 7(c) (*Changes in Circumstances Affecting the Index*) and (e) (*Cessation of or Fundamental Changes to the Index*), and if “3 months lag” is specified in the relevant Final Terms or Drawdown Prospectus, be calculated in accordance with the following formula:

$$IFA = RPI_{m-3} + \frac{(\text{Day of Calculation Date} - 1)}{(\text{Days in month of Calculation Date})} \times (RPI_{m-2} - RPI_{m-3})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

“IFA” means the Index Figure applicable;

“RPI<sub>m-3</sub>” means the Index Figure for the first day of the month that is three months prior to the month in which the payment falls due;

“RPI<sub>m-2</sub>” means the Index Figure for the first day of the month that is two months prior to the month in which the payment falls due;

Any reference to the “Index Figure applicable” to a particular Calculation Date shall, subject as provided in Condition 7(b) (*Application of the Index Ratio*) below, and if “8 months lag” is specified in the relevant Final Terms or Drawdown Prospectus, be calculated in accordance with the following formula:

$$IFA = RPI_{m-8} + \frac{(\text{Day of Calculation Date} - 1)}{(\text{Days in month of Calculation Date})} \times (RPI_{m-7} - RPI_{m-8})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

“IFA” means the Index Figure applicable;

“RPI<sub>m-8</sub>” means the Index Figure for the first day of the month that is eight months prior to the month in which the payment falls due;

“RPI<sub>m-7</sub>” means the Index Figure for the first day of the month that is seven months prior to the month in which the payment falls due;

“Index Ratio” applicable to any Calculation Date means the Index Figure applicable to such date divided by the Base Index Figure;

“Limited Index Ratio” means (a) in respect of any month prior to the relevant Issue Date, the Index Ratio for that month; (b) in respect of any Limited Indexation Month after the relevant Issue Date, the product of the Limited Indexation Factor for that month and the Limited Index Ratio as previously calculated in respect of the month 12 months prior thereto; and (c) in respect of any other month, the Limited Index Ratio as previously calculated in respect of the most recent Limited Indexation Month;

“Limited Indexation Factor” means, in respect of a Limited Indexation Month, the ratio of the Index Figure applicable to that month divided by the Index Figure applicable to the month 12 months prior thereto, **provided that** (a) 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 (b) if such ratio is less than the Minimum Indexation Factor specified in the relevant Final Terms or Drawdown Prospectus, it shall be deemed to be equal to such Minimum Indexation Factor;

“Limited Indexation Month” means any month specified in the relevant Final Terms or Drawdown Prospectus for which a Limited Indexation Factor is to be calculated;

“Limited Indexed Bonds” means Indexed Bonds to which a Maximum Indexation Factor and/or a Minimum Indexation Factor (as specified in the relevant Final Terms or Drawdown Prospectus) applies;

“Maximum Indexation Factor” means the indexation factor specified as such in the relevant Final Terms or Drawdown Prospectus;

“Minimum Indexation Factor” means the indexation factor specified as such in the relevant Final Terms or Drawdown Prospectus; and

“Reference Gilt” means the Treasury Stock specified as such in the relevant Final Terms or Drawdown Prospectus for so long as such stock is in issue, and thereafter such issue of index-linked Treasury Stock determined to be appropriate by a gilt-edged market maker or other adviser selected by the Issuer and approved by the Bond Trustee (an “Indexation Adviser”).

*(b) Application of the Index Ratio*

Each payment of interest and principal in respect of the Bonds shall be the amount provided in, or determined in accordance with, these Conditions, multiplied by the Index Ratio or Limited Index Ratio in the case of Limited Indexed Bonds applicable to the month in which such payment falls to be made and rounded in accordance with Condition 6(e) (*Rounding*).

*(c) Changes in Circumstances Affecting the Index*

- (i) 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 calendar month from and including that in which such substitution takes effect (1) the definition of “Index” and “Index Figure” in Condition 7(a) (*Definitions*) shall be deemed to refer to the new date or month in substitution for January 1987 or January 2015, as applicable, (or, as the case may be, to such other date or month as may have been substituted therefor); and (2) the new Base Index Figure shall be the product of the existing Base Index Figure (being at the Initial Issue Date 178.2) and the Index Figure immediately following such substitution, divided by the Index Figure immediately prior to such substitution.
- (ii) Delay in publication of Index: If the Index Figure relating to any month (the “relevant month”) which is required to be taken account for the purposes of the determination of the Index Figure applicable for any date is not published on or before the 14th business day before the date on which any payment of interest or principal on the Bonds is due (the “date for payment”), the Index Figure relating to the relevant month shall be (1) such substitute index figure (if any) as

the Bond Trustee considers to have been published by the Bank of England for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser (and approved by the Bond Trustee); or (2) 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 7(c)(i) (*Change in base*)) before the date for payment.

(d) *Application of Changes*

Where the provisions of Condition 7(c)(ii) (*Delay in publication of Index*) apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in which the date for payment falls shall be conclusive and binding. If, an Index Figure having been applied pursuant to Condition 7(c)(ii)(2) (*Delay in publication of Index*), the Index Figure relating to the relevant month is subsequently published while a Bond is still Outstanding, then:

- (i) in relation to a payment of principal or interest in respect of such Bond other than upon final redemption of such Bond, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced by an amount equal to (respectively) the shortfall or excess of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of Condition 7(c)(ii)(2) (*Delay in publication of Index*), below or above 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
- (ii) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.

(e) *Cessation of or Fundamental Changes to the Index*

- (i) If (1) the Bond Trustee has been notified by the Agent Bank (or the Calculation Agent, if applicable) that the Index has ceased to be published; or (2) 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 the Bond Trustee acting solely on the advice of an Indexation Adviser, be materially prejudicial to the interests of the Bondholders, the Bond Trustee will give written notice of such occurrence to the Issuer, and the Issuer and the Bond Trustee together shall seek to agree for the purpose of the Bonds one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Bondholders in 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.
- (ii) If the Issuer and the Bond Trustee fail to reach agreement as mentioned above within 20 business days following the giving of notice as mentioned in paragraph (i), a bank or other person in London shall be appointed by the Issuer and the Bond Trustee or, failing agreement on and the making of such appointment within 20 business days following the expiry of the day period referred to above, by the Bond Trustee (in each case, such bank or other person so appointed being referred to as the “Expert”), to determine for the purpose of the Bonds one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Bondholders in 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. Any Expert so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Expert and of any Indexation Adviser and

of any of the Issuer and the Bond Trustee in connection with such appointment shall be borne by the Issuer.

- (iii) The Index shall be adjusted or replaced by a substitute index as agreed by the Issuer and the Bond Trustee 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 Bond Trustee 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 Financial Guarantor(s), the other Secured Creditors, the Bond Trustee and the Bondholders, and the Issuer shall give notice to the Bondholders in accordance with Condition 17 (*Notices*) of such amendments as promptly as practicable following such notification.

## 8 Redemption, Purchase and Cancellation

### (a) *Partial and Final Redemption*

Unless previously redeemed, or purchased and cancelled as provided below, or unless such Bond is stated in the relevant Final Terms or Drawdown Prospectus as having no fixed maturity date, each Bond will be redeemed at its Principal Amount Outstanding (in the case of Indexed Bonds as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)), on the date or dates (or, in the case of Floating Rate Bonds, on the Interest Payment Date(s)) specified in the relevant Final Terms or Drawdown Prospectus plus accrued but unpaid interest (other than in the case of Zero Coupon Bonds) and, in the case of Indexed Bonds as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*).

In the case of principal on Class B Bonds only, if on any date, prior to the taking of Enforcement Action after the termination of a Standstill Period, on which such Bond is to be redeemed (in whole or in part) there are insufficient funds available to the Issuer to pay such principal, the Issuer's liability to pay such principal will be treated as not having fallen due and will be deferred until the earliest of (i) the next following Interest Payment Date on which the Issuer has, in accordance with the cash management provisions of Schedule 11 (*Cash Management*) of the CTA, sufficient funds to pay such deferred amounts (including any interest accrued thereon); (ii) the date on which all Class A Debt has been paid in full and (iii) an Acceleration of Liabilities (other than a Permitted Hedge Termination, a Permitted Lease Termination or a Permitted EIB Compulsory Prepayment Event) and in the case of a Permitted Share Pledge Acceleration only to the extent that there would be sufficient funds available in accordance with the Payment Priorities to pay such deferred principal (including any accrued interest thereon). Interest will accrue on such deferred principal at the rate otherwise payable on unpaid principal of such Class B Bonds.

### (b) *Optional Redemption*

Subject as provided below, if a Call Option is specified as applicable in the relevant Final Terms or Drawdown Prospectus, upon giving not more than 60 nor less than 30 days' notice to the Bond Trustee, the Security Trustee, the Majority Creditors and the Bondholders, the Issuer may (prior to the Maturity Date) redeem any Sub-Class of the Bonds in whole or in part (but on a pro rata basis only) on any Interest Payment Date at their Redemption Amount, **provided that** Floating Rate Bonds may not be redeemed before the date specified in the relevant Final Terms or Drawdown Prospectus, as follows:

- (i) In respect of Fixed Rate Bonds, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Drawdown Prospectus, be an amount equal to the higher of (i) their Principal Amount Outstanding; and (ii) the price determined to be appropriate by a financial adviser in London (selected by the Issuer and approved by the Bond Trustee) as being the price at which the Gross Redemption Yield (as defined below) on such Bonds on the Reference Date (as defined below) is equal to the Gross Redemption Yield at 3:00 p.m. (London time) on the Reference Date on the Reference Gilt (as defined below) while that stock is in issue, and thereafter such Government stock (or such other stock as specified in the relevant Final Terms or Drawdown Prospectus for Bonds denominated in currencies other than Sterling) as the Issuer may, with the advice of three persons operating in the gilt-edged market (selected by the Issuer and approved by the Bond Trustee) determine to be appropriate, plus accrued but unpaid interest on the Principal Amount Outstanding.

For the purposes of this Condition 8(b)(i), “Gross Redemption Yield” means a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the United Kingdom Debt Management Office publication “Formulae for Calculating Gilt Prices from Yields” published 8 June 1998 with effect from 1 November 1998 and updated on 15 January 2002 (and as further updated, supplemented, amended or replaced from time to time) page 5 or any replacement therefor; “Reference Date” means the date which is two Business Days prior to the despatch of the notice of redemption under this Condition 8(b)(i); and “Reference Gilt” means the Treasury Stock specified in the relevant Final Terms or Drawdown Prospectus.

- (ii) In respect of Floating Rate Bonds, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Drawdown Prospectus, be the Principal Amount Outstanding plus any premium for early redemption in certain years (as specified in the relevant Final Terms or Drawdown Prospectus) plus any accrued but unpaid interest on the Principal Amount Outstanding.
- (iii) In respect of Indexed Bonds, the Redemption Amount will (unless otherwise specified in the relevant Final Terms or Drawdown Prospectus) be the higher of (i) the Principal Amount Outstanding; and (ii) the price determined to be appropriate (without any additional indexation beyond the implicit indexation in such determined price) by a financial adviser in London (selected by the Issuer and approved by the Bond Trustee) as being the price at which the Gross Real Redemption Yield (as defined below) on the Bonds on the Reference Date (as defined below) is equal to the Gross Real Redemption Yield at 3:00 p.m. (London time) on the Reference Date on the Reference Gilt while that stock is in issue, and thereafter such Government stock as the Issuer may, with the advice of three persons operating in the gilt-edged market, (selected by the Issuer and approved by the Bond Trustee), determine to be appropriate, plus accrued but unpaid interest (as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)) on the Principal Amount Outstanding.

For the purposes of this Condition 8(b)(iii), “Gross Real Redemption Yield” means a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the United Kingdom Debt Management Office publication “Formulae for Calculating Gilt Prices from Yields” published 8 June 1998 with effect from 1 November 1998 and updated on 15 January 2002, page 4 or any replacement therefor, “Reference Date” means the date which is two Business Days prior to the despatch of the notice of redemption under Condition 8(b)(iii); and “Reference Gilt” means the Treasury Stock specified in the relevant Final Terms or Drawdown Prospectus.

In any such case, prior to giving any such notice, the Issuer must certify (as further specified in the Finance Documents) to the Bond Trustee that it will have the funds, not subject to any interest (other than under the Security) of any other person, required to redeem the Bonds as aforesaid.

(c) *Redemption for Index Event, Taxation or Other Reasons*

Redemption for Index Events: Upon the occurrence of any Index Event (as defined below), the Issuer may, upon giving not more than 60 nor less than 30 days' notice to the Bond Trustee, the Security Trustee, the Majority Creditors and the holders of the Indexed Bonds in accordance with Condition 17 (*Notices*), redeem all (but not some only) of the Indexed Bonds of all Sub-Classes on any Interest Payment Date at the Principal Amount Outstanding (adjusted in accordance with Condition 7(b) (*Application of Index Ratio*)) plus accrued but unpaid interest. No single Sub-Class of Indexed Bonds may be redeemed in these circumstances unless all the other Classes and Sub-Classes of Indexed Bonds are also redeemed at the same time and the Issuer has discharged all amounts due and payable to any Financial Guarantor that has issued a Financial Guarantee in respect of such Class or Sub-Class of Indexed Bonds. Before giving any such notice, the Issuer shall provide to the Bond Trustee, the Security Trustee, the Majority Creditors and the relevant Financial Guarantor(s) a certificate signed by an Authorised Signatory (a) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (b) confirming that the Issuer will have sufficient funds on such Interest Payment Date to effect such redemption and payment to the relevant Financial Guarantor(s).

"Index Event" means (i) if the Index Figure for three consecutive months falls to be determined on the basis of an Index Figure previously published as provided in Condition 7(c)(ii) (*Delay in publication of Index*) and the Bond Trustee has been notified by the Principal Paying 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 Reference Gilt, and (in either case) no amendment or substitution of the Index has been advised by the Indexation Adviser to the Issuer and such circumstances are continuing.

Redemption for Taxation Reasons: In addition, if at any time the Issuer satisfies the Bond Trustee that the Issuer would, on the next Interest Payment Date, become obliged to deduct or withhold from any payment of interest or principal in respect of the Bonds (other than in respect of default interest) any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or the Cayman Islands or any political subdivision thereof, or any other authority thereof, then the Issuer may, in order to avoid the relevant deductions or withholding, use its reasonable endeavours to arrange the substitution of a company incorporated under another jurisdiction approved by the Bond Trustee as principal debtor under the Bonds and as lender under the Issuer/TWUL Loan Agreements and as obligor under the Finance Documents upon satisfying the conditions for substitution of the Issuer as set out in the STID (and referred to in Condition 15 (*Meetings of Bondholders, Modification, Waiver and Substitution*)). If the Issuer is unable to arrange a substitution as described above having used reasonable endeavours to do so and, as a result, the relevant deduction or withholding is continuing then the Issuer may (but will not be obliged to), upon giving not more than 60 nor less than 30 days' notice to the Bond Trustee, the Security Trustee, the Majority Creditors and the Bondholders in accordance with Condition 17 (*Notices*), redeem all (but not some only) of the Bonds on any Interest Payment Date at their Principal Amount Outstanding plus accrued but unpaid interest thereon (each adjusted, in the case of Indexed Bonds, in accordance with Condition 7(b) (*Application of the Index Ratio*)). Before giving any such notice of redemption, the Issuer shall provide to the Bond Trustee, the

Security Trustee and the Majority Creditors and the relevant Financial Guarantors a certificate signed by an Authorised Signatory (a) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and (b) confirming that the Issuer will have sufficient funds on such Interest Payment Date to discharge all its liabilities in respect of the Bonds and any amounts under the Security Agreement to be paid in priority to, or *pari passu* with, the Bonds under the Payment Priorities.

(d) *Redemption on Prepayment of Issuer/TWUL Loan Agreements*

If TWUL gives notice to the Issuer under an Issuer/TWUL Loan Agreement that it intends to prepay all or part of any advance made under such Issuer/TWUL Loan Agreement and such advance was funded by the Issuer from the proceeds of the issue of a Sub-Class of Bonds, the Issuer shall, upon giving not more than 60 nor less than 30 days' notice to the Bond Trustee, the Security Trustee, the Majority Creditors, the relevant Financial Guarantors and the Bondholders in accordance with Condition 17 (*Notices*), (where such advance is being prepaid in whole) redeem all of the Bonds of that Sub-Class or (where part only of such advance is being prepaid) the proportion of the relevant Sub-Class of Bonds which the proposed prepayment amount bears to the amount of the relevant advance. In the case of a voluntary prepayment, the relevant Bonds will be redeemed at their Redemption Amount determined in accordance with Condition 8(b) (*Optional Redemption*) except that, in the case of Fixed Rate Bonds and Indexed Bonds, for the purposes of this Condition 8(d), "Reference Date" means the date two Business Days prior to the despatch of the notice of redemption given under this Condition 8(d), plus accrued but unpaid interest and, in the case of any other prepayment, the relevant Bonds will be redeemed at their Principal Amount Outstanding plus accrued but unpaid interest.

(e) *Early redemption of Zero Coupon Bonds*

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Bond at any time before the Maturity Date shall be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Bond becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition (e) or, if none is so specified, a Day Count Fraction of 30/360.

In these Conditions, "Accrual Yield" and "Reference Price" and "Zero Coupon Bond" have the meanings given to them in the relevant Final Terms.

(f) *Purchase of Bonds*

The Issuer may, provided that no Event of Default has occurred and is continuing, purchase Bonds (provided that all unmatured Receipts and Coupons and unexchanged Talons (if any) appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

If not all the Bonds which are in registered form are to be purchased, upon surrender of the existing Individual Bond Certificate, the Registrar shall forthwith upon the written request of the Bondholder concerned issue a new Individual Bond Certificate in respect of the Bonds which are not to be

purchased and despatch such Individual Bond Certificate to the Bondholder (at the risk of the Bondholder and to such address as the Bondholder may specify in such request).

**While the Bonds are represented by a Global Bond or Global Bond Certificate (as defined below), the relevant Global Bond or Global Bond Certificate will be endorsed to reflect the Principal Amount Outstanding of Bonds to be so redeemed or purchased.**

(g) *Redemption by Instalments*

Unless previously redeemed, purchased and cancelled as provided in this Condition 8, each Bond which provides for Instalment Dates (as specified in the relevant Final Terms or Drawdown Prospectus) and Instalment Amounts (as specified in the relevant Final Terms or Drawdown Prospectus) will be partially redeemed on each Instalment Date at the Instalment Amount.

(h) *Cancellation*

In respect of all Bonds purchased by or on behalf of the Issuer, the Bearer Bonds or the Registered Bonds shall be surrendered to or to the order of the Principal Paying Agent or the Registrar, as the case may be, for cancellation and, if so surrendered, will, together with all Bonds redeemed by the Issuer, be cancelled forthwith (together with, in the case of Bearer Bonds, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Bonds so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

(i) *Instalments*

Instalment Bonds will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Redemption Amount will be determined pursuant to Condition 8(b) (*Optional Redemption*) above.

## 9 Payments

(a) *Bearer Bonds*

Payments to the Bondholders of principal (or, as the case may be, Redemption Amounts or other amounts payable on redemption) and interest (or, as the case may be, Interest Amounts) in respect of Bearer Bonds will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payment of Instalment Amounts other than on the due date for final redemption and provided that the Receipt is presented for payment together with its relative Bond), Bonds (in the case of all other payments of principal and, in the case of interest, as specified in Condition 9(f) (*Unmatured Coupons and Receipts and Unexchanged Talons*)) or Coupons (in the case of interest, save as specified in Condition 9(f) (*Unmatured Coupons and Receipts and Unexchanged Talons*)), as the case may be, at the specified office of any Paying Agent outside the United States of America by transfer to an account denominated in the currency in which such payment is due with, or (in the case of Bonds in definitive form only) a cheque payable in that currency drawn on, a bank in (i) the principal financial centre of that currency provided that such currency is not euro, or (ii) the principal financial centre of any Participating Member State if that currency is euro.

(b) *Registered Bonds*

Payments of principal (or, as the case may be, Redemption Amounts) in respect of Registered Bonds will be made to the holder (or the first named of joint holders) of such Bond against presentation and



surrender of the relevant Registered Bond at the specified office of the Registrar and in the manner provided in Condition 9(a) (*Bearer Bonds*).

Payments of instalments in respect of Registered Bonds will be made to the holder (or the first named of joint holders) of such Bond against presentation of the relevant Registered Bond at the specified office of the Registrar in the manner provided in Condition 9(a) (*Bearer Bonds*) above and annotation of such payment on the Register and the relevant Bond Certificate.

Interest (or, as the case may be, Interest Amounts) on Registered Bonds payable on any Interest Payment Date will be paid to the holder (or the first named of joint holders) on the fifteenth day before the due date for payment thereof (the “Record Date”). Payment of interest or Interest Amounts on each Registered Bond will be made in the currency in which such payment is due by cheque drawn on a bank in (a) the principal financial centre of the country of the currency concerned, provided that such currency is not euro, or (b) the principal financial centre of any Participating Member State if that currency is euro and mailed to the holder (or to the first named of joint holders) of such Bond at its address appearing in the Register. Upon application by the Bondholder to the specified office of the Registrar before the relevant Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in (a) the principal financial centre of the country of that currency provided that such currency is not euro, or (b) the principal financial centre of any Participating Member State if that currency is euro.

A record of each payment so made will be endorsed on the schedule to the Global Bond or the Global Bond Certificate by or on behalf of the Principal Paying Agent or the Registrar, as the case may be, which endorsement shall be *prima facie* evidence that such payment has been made.

(c) *Payments in the United States of America*

Notwithstanding the foregoing, if any Bearer Bonds are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if:

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

(d) *Payments subject to fiscal laws; payments on Global Bonds and Registered Bonds*

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 10 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 10 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

The holder of a Global Bond or Global Bond Certificate shall be the only person entitled to receive payments of principal (or Redemption Amounts) and interest (or Interest Amounts) on the Global Bond

or Global Bond Certificate (as the case may be) and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Bond or Global Bond Certificate in respect of each amount paid.

(e) *Appointment of the Agents*

The Paying Agents, the Agent Bank, the Transfer Agents and the Registrar (the “Agents”) appointed by the Issuer (and their respective specified offices) are listed in the Agency Agreement. Any Calculation Agent will be listed in the relevant Final Terms or Drawdown Prospectus and will be appointed pursuant to a Calculation Agency Agreement. The Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right, with the prior written consent of the Bond Trustee at any time to vary or terminate the appointment of any Agent, and to appoint additional or other Agents, **provided that** the Issuer will at all times maintain (i) a Principal Paying Agent (in the case of Bearer Bonds); (ii) a Registrar (in the case of Registered Bonds); (iii) an Agent Bank or Calculation Agent (as specified in the relevant Final Terms or Drawdown Prospectus) (in the case of Floating Rate Bonds or Indexed Bonds); and (iv) if and for so long as the Bonds are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent, Transfer Agent or Registrar in any particular place, a Paying Agent, Transfer Agent and/or Registrar, as applicable, having its specified office in the place required by such listing authority, stock exchange and/or quotation system<sup>7</sup>. Notice of any such variation, termination or appointment will be given in accordance with Condition 17 (*Notices*).

(f) *Unmatured Coupons and Receipts and Unexchanged Talons*

- (i) Subject to the provisions of the relevant Final Terms or Drawdown Prospectus, upon the due date for redemption of any Bond which is a Bearer Bond (other than a Fixed Rate Bond, unless it has all unexpired Coupons attached), unexpired Coupons and Receipts relating to such Bond (whether or not attached) shall become void and no payment shall be made in respect of them.
- (ii) Upon the date for redemption of any Bond, any unexpired Talon relating to such Bond (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iii) Upon the due date for redemption of any Bond which is redeemable in instalments, all Receipts relating to such Bond having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iv) Where any Bond, which is a Bearer Bond and is a Fixed Rate Bond, is presented for redemption without all unexpired Coupons and any unexpired Talon relating to it, a sum equal to the aggregate amount of the missing unexpired Coupons will be deducted from the amount of principal due for payment and, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Bond is not an Interest Payment Date, interest accrued from the preceding Interest Payment Date or the Interest Commencement Date, as the case may be, or the Interest Amount payable on such date for redemption shall only be payable against presentation (and surrender if appropriate) of the relevant Bond and Coupon.

(g) *Non-Business Days*

Subject as provided in the relevant Final Terms or Drawdown Prospectus, if any date for payment in respect of any Bond, Receipt or Coupon is not a business day, the holder shall not be entitled to

payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “business day” means a day (other than a Saturday or a Sunday) on which banks are open for presentation and payment of debt securities and for dealings in foreign currency in the relevant place of presentation and (in the case of a payment in a currency other than euro), where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which dealings may be carried on in the relevant currency in the principal financial centre of the country of such currency and, in relation to any sum payable in euro, a day on which the TARGET System is open.

(h) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a coupon sheet issued in respect of any Bond, the Talon forming part of such coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further coupon sheet (and if necessary another Talon for a further coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 13 (*Prescription*)).

## **10 Taxation**

All payments in respect of the Bonds, Receipts or Coupons will be made (whether by the Issuer, the Guarantors, any Paying Agent, the Registrar, the Bond Trustee, the Security Trustee or, in respect of Wrapped Bonds, the Financial Guarantors) without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer, the Guarantors, any Paying Agent or the Registrar or, where applicable, the Bond Trustee, the Security Trustee or the Financial Guarantor is required by applicable law to make any payment in respect of the Bonds, Receipts or Coupons subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In that event, the Issuer, the Guarantors, such Paying Agent, the Registrar, the Bond Trustee, the Security Trustee or the Financial Guarantor, as the case may be, shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. None of the Issuer, the Guarantors, any Paying Agent, the Registrar, the Bond Trustee, the Security Trustee or the Financial Guarantor will be obliged to make any additional payments to the Bondholders, Receiptholders or the Couponholders in respect of such withholding or deduction. The Issuer, the Guarantors, any Paying Agent, the Registrar, the Bond Trustee, the Security Trustee or the Financial Guarantor may require holders to provide such certifications and other documents as required by applicable law in order to qualify for exemptions from applicable tax laws.

If the Issuer is obliged to make any such deduction or withholding, the amount so deducted or withheld is not guaranteed by the Financial Guarantor.

## **11 Events of default**

The Events of Default (as defined in the Master Definitions Agreement) relating to the Bonds are set out in Schedule 6 of the CTA.

Following the notification of an Event of Default in respect of the Issuer, the STID provides for a Standstill Period (as defined in the Master Definitions Agreement) to commence and for restrictions to apply to all Secured Creditors of TWUL. The CTA also contains various Trigger Events that will, if they occur, (among other things) permit the Majority Creditors to commission an Independent Review, require TWUL to discuss its plans for appropriate remedial action and prevent the TWU Financing Group from making further Restricted Payments until the relevant Trigger Events have been remedied.

(a) *Events of Default*

If any Event of Default occurs and is continuing in relation to the Issuer, subject always to the terms of the STID, the Bond Trustee may at any time (in accordance with the provisions of the Bond Trust Deed and the STID), having certified in writing that, in its opinion, the occurrence of such event is materially prejudicial to the interests of the Bondholders and shall upon the Bond Trustee being so directed or requested (i) by an Extraordinary Resolution (as defined in the Bond Trust Deed) of holders of the relevant Sub-Classes of Class A Bonds or, if there are no Class A Bonds outstanding, the Class B Bonds or (ii) in writing by holders of at least one quarter in outstanding nominal amount of the relevant Sub-Class of Class A Bonds, or if there are no Class A Bonds outstanding, the Class B Bonds and subject, in each case, to being indemnified and/or secured to its satisfaction, give notice to the Issuer and the Security Trustee that the Bonds of the relevant Sub-Class are, and they shall immediately become, due and repayable, at their respective Redemption Amounts determined in accordance with Condition 8(b) (*Optional Redemption*) (except that, in the case of Fixed Rate Bonds and Indexed Bonds for the purposes of this Condition 11(a), the “Reference Date” means the date two Business Days prior to the despatch of the notice of redemption given under this Condition 11(a)) or as specified in the applicable Final Terms or Drawdown Prospectus.

(b) *Confirmation of no Event of Default*

The Issuer, pursuant to the terms of the CTA, shall provide written confirmation to the Bond Trustee, on an annual basis, that no Event of Default has occurred in relation to the Issuer.

(c) *Enforcement of Security*

If the Bond Trustee gives written notice to the Issuer and the Security Trustee that an Event of Default has occurred under the Bonds of any Sub-Class, a Standstill Period shall commence. The Security Trustee may only enforce the Security acting in accordance with the STID and, subject to certain limitations on enforcement during a Standstill Period, on the instructions of the Majority Creditors.

(d) *Automatic Acceleration*

In the event of the acceleration of the Secured Liabilities (other than a Permitted Share Pledge Acceleration, a Permitted Hedge Termination, a Permitted Lease Termination or a Permitted EIB Compulsory Prepayment Event (as defined in the Master Definitions Agreement) as set out in the STID), the Bonds of each Series shall automatically become due and repayable at their respective Redemption Amounts determined in accordance with Condition 8(b) (*Optional Redemption*) (except that, in the case of Fixed Rate Bonds and Indexed Bonds for the purposes of this Condition 11(d), “Reference Date” means the date two Business Days prior to the date of such acceleration) or as specified in the applicable Final Terms or Drawdown Prospectus plus, in each case, accrued and unpaid interest thereon.

## **12 Enforcement Against Issuer**

No Bondholder is entitled to take any action against the Issuer or, in the case of the holders of Wrapped Bonds, against the Financial Guarantor or against any assets of the Issuer or any Financial Guarantor to enforce its rights in respect of the Bonds or to enforce any of the Security or to enforce any Financial Guarantee unless the Bond Trustee or the Security Trustee (as applicable), having become bound so to proceed, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. The Security Trustee will act (subject to Condition 11(c) (*Enforcement of Security*)) on the instructions of the Majority Creditors pursuant to the STID, and neither the Bond Trustee nor the Security Trustee shall be bound

to take any such action unless it is indemnified and/or secured to its satisfaction against all fees, costs, expenses, liabilities, claims and demands to which it may thereby become liable or which it may incur by so doing.

Neither the Bond Trustee nor the Bondholders may institute against, or join any person in instituting against, the Issuer any bankruptcy, winding up, re-organisation, arrangement, insolvency or liquidation proceeding (except for the appointment of a receiver and manager pursuant to the terms of the Security Agreement and subject to the STID) or other proceeding under any similar law for so long as any Bonds are Outstanding or for two years and a day after the latest Maturity Date on which any Bond of any Series is due to mature.

### **13 Prescription**

Claims against the Issuer for payment in respect of the Bonds, Receipts or Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date) in respect thereof.

### **14 Replacement of Bonds, Coupons, Receipts and Talons**

If any Bearer Bond, Registered Bond, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced (subject to applicable laws and requirements of the Irish Stock Exchange), if the relevant Bonds have been admitted to listing, trading and/or quotation on such a stock exchange), at the specified office of the Principal Paying Agent or, as the case may be, the Registrar upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require. Mutilated or defaced Bonds, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

### **15 Meetings of Bondholders, Modification, Waiver and Substitution**

#### *(a) Decisions of Majority Creditors*

The STID contains provisions dealing with the manner in which matters affecting the interests of the Secured Creditors (including the Bond Trustee and the Bondholders) will be dealt with. Bondholders will (subject to various Reserved Matters and Entrenched Rights) be bound by the decisions of the Majority Creditors (and additionally in a Default Situation (as defined in the Master Definitions Agreement) decisions made pursuant to the Emergency Instruction Procedure (as set out in Clause 9.13 (*Emergency Instruction Procedure*) of the STID)).

In the circumstances which do not relate to Entrenched Rights or Reserved Matters of the Bondholders (as set out in the STID), the Bond Trustee shall be entitled to vote as the DIG Representative of holders of each Sub-Class of Wrapped Bonds (following the occurrence of an FG Event of Default in respect of the Financial Guarantor of those Wrapped Bonds which is continuing) and of each Sub-Class of Unwrapped Bonds (other than Class A FG Covered Bonds (unless a Default Situation is subsisting)) on intercreditor issues (“Intercreditor Issues”) but shall not be entitled to convene a meeting of any one or more Sub-Class of Bondholders to consider the relevant matter unless a Default Situation is subsisting. If a Default Situation has occurred and is subsisting, the Bond Trustee may vote on Intercreditor Issues in its absolute discretion or shall vote in accordance with a direction by those holders of such outstanding Class A Bonds (including Class A FG Covered Bonds) or, if there are no Class A Bonds outstanding, Class B Bonds (i) by means of an Extraordinary Resolution of the relevant Sub-Class of Bonds; or (ii) (in respect of a DIG Proposal to terminate a Standstill) as requested in writing by the holders of at least one quarter of the Principal Amount Outstanding of the relevant Sub-Class of Class A Bonds (including Class A FG Covered Bonds) then outstanding, or if there are no Class A Bonds

outstanding, Class B Bonds. In any case, the Bond Trustee shall not be obliged to vote unless it has been indemnified and/or secured to its satisfaction.

Whilst a Default Situation is subsisting, certain decisions and instructions may be required in a timeframe which does not allow the Bond Trustee to convene Bondholder meetings. To cater for such circumstances, the STID provides for an Emergency Instruction Procedure. The Security Trustee will be required to act upon instructions contained in an emergency notice (an “Emergency Instruction Notice”). An Emergency Instruction Notice must be signed by DIG Representatives (provided that, any Secondary Market Guarantor in respect of Class A FG Covered Bonds shall constitute the DIG Representatives for the Emergency Instruction Procedure despite a Default Situation subsisting) (the “EIN Signatories”) representing 66<sup>2</sup>/<sub>3</sub> per cent. or more of the aggregate Outstanding Principal Amount of the Qualifying Class A Debt or following repayment in full of the Class A Debt, the Class B Debt after, *inter alia*, excluding the proportion of Qualifying Debt in respect of which the Bond Trustee is the DIG Representative and in respect of which the Bond Trustee has not voted. The Emergency Instruction Notice must specify the emergency action which the Security Trustee is being instructed to take and must certify that, unless such action is taken within the time frame specified in the Emergency Instruction Notice, the interests of the EIN Signatories will be materially prejudiced.

(b) *Meetings of Bondholders*

The Bond Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the modification of the Bonds, the Receipts, the Coupons or any of the provisions of the Bond Trust Deed, (in the case of Class A Wrapped Bonds and Class B Wrapped Bonds) the Financial Guarantees and any other Finance Document to which the Bond Trustee is a party (subject to the terms of the STID). Any modification may (except in relation to any Entrenched Right or Reserved Matter of the Bond Trustee (as set out in the STID) subject to the terms of the STID including, in the case of any of the Class A Wrapped Bonds or Class B Wrapped Bonds, to Entrenched Rights or Reserved Matters of any Financial Guarantor (as set out in the STID) and subject to the provisions concerning ratification and/or meetings of particular combinations of Sub-Classes of Bonds as set out in Condition 16(b) (*Exercise of rights by Bond Trustee*) and the Bond Trust Deed), be made if sanctioned by a resolution passed at a meeting of such Bondholders duly convened and held in accordance with the Bond Trust Deed by a majority of not less than three-quarters of the votes cast (an “Extraordinary Resolution”) at such meeting. Such a meeting may be convened by the Bond Trustee or the Issuer, and shall be convened by the Issuer upon the request in writing of the relevant Bondholders holding not less than one-tenth in nominal amount of the relevant Bonds for the time being Outstanding.

The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. in nominal amount of the relevant Bonds for the time being Outstanding or, at any adjourned meeting, one or more persons being or representing Bondholders, whatever the nominal amount of the relevant Bonds held or represented, provided however, that certain matters as set out in paragraph 5 of the Fourth Schedule to the Bond Trust Deed (the “Basic Terms Modifications”) in respect of the holders of any particular Sub-Class of Bonds may be sanctioned only by an Extraordinary Resolution passed at a meeting of Bondholders of the relevant Sub-Class of Bonds at which one or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one-quarter in nominal amount of the Outstanding Bonds form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the relevant Bondholders, Receiptholders and Couponholders whether present or not.

In addition, a resolution in writing signed by or on behalf of all Bondholders who for the time being are entitled to receive notice of a meeting of Bondholders under the Bond Trust Deed will take effect

as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(c) *Modification, consent and waiver*

As more fully set out in the Bond Trust Deed (and subject to the conditions and qualifications therein), the Bond Trustee may, without the consent of the Bondholders of any Sub-Class, concur with the Issuer or any other relevant parties in making (i) any modification of these Conditions, the Bond Trust Deed, any Financial Guarantee or any Finance Document which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law; and (ii) (except as mentioned in the Bond Trust Deed and subject to the terms of the STID) any other modification and granting any consent under or waiver or authorisation of any breach or proposed breach of these Conditions, the Bond Trust Deed, such Financial Guarantee or any such Finance Document or other document which is, in the opinion of the Bond Trustee, not materially prejudicial to the interests of the Bondholders of that Sub-Class. The Bond Trustee shall, at the request of the Issuer, without the consent or sanction of the Bondholders of any Sub-Class, agree to such amendments to the Bond Trust Deed or these Conditions as may be required by the Issuer to transfer the listing of any Sub-Class of Bonds between the Irish Stock Exchange and the London Stock Exchange, provided that (i) the Bond Trustee has received a certificate signed by two directors of the Issuer certifying that (a) such amendments do not constitute Basic Terms Modifications and (b) such amendments are required to effect such transfer and are only intended to give effect to such transfer (upon which certificate the Bond Trustee shall be entitled to rely without further enquiry) and (ii) such amendments do not require the Bond Trustee to undertake any more onerous duties or responsibilities or impose on the Bond Trustee any additional liabilities beyond those set out in the Bond Trust Deed. Any such modification, consent, waiver or authorisation shall be binding on the Bondholders of that Sub-Class, and the holders of all relevant Receipts and Coupons and, if the Bond Trustee so requires, notice thereof shall be given by the Issuer to the Bondholders of that Sub-Class as soon as practicable thereafter.

The Bond Trustee shall be entitled to assume that any such modification, consent, waiver or authorisation is not materially prejudicial to the Bondholders if the Rating Agencies confirm that there will not be any adverse effect thereof on the original issue ratings of the Bonds.

(d) *Substitution of the Issuer*

As more fully set forth in the STID and the Bond Trust Deed (and subject to the conditions and qualifications therein), the Bond Trustee shall, if requested by the Issuer, agree with the Issuer, without reference to the Bondholders, to the substitution of another corporation in place of the Issuer as principal debtor in respect of the Bond Trust Deed and the Bonds of all Series and subject to the Wrapped Bonds continuing to be subject to a Financial Guarantee of the relevant Financial Guarantor.

## **16 Bond Trustee Protections**

(a) *Trustee considerations*

Subject to the terms of the STID and Condition 16(b) (*Exercise of rights by Bond Trustee*), in connection with the exercise, under these Conditions, the Bond Trust Deed, any Financial Guarantee or any Finance Document, of its rights, powers, trusts, authorities and discretions (including any modification, consent, waiver or authorisation), the Bond Trustee shall have regard to the interests of the holders of the Bonds provided that, if the Bond Trustee considers, in its sole opinion, that there is a conflict of interest between the interests of the holders of the Class A Bonds and the interests of the

holders of the Class B Bonds, the Bond Trustee shall give priority to the interests of the holders of the Class A Bonds whose interests shall prevail. Where, in the sole opinion of the Bond Trustee, there is a conflict between holders of two or more Sub-Classes of Bonds of the same Class, it shall consider the interests of the holders of the Sub-Class of Bonds with the shortest dated maturity and, in either case, will not have regard to the consequences of such exercise for the holders of other Sub-Classes of Bonds or for individual Bondholders, resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. The Bond Trustee shall not be entitled to require from the Issuer or any Financial Guarantor, nor shall any Bondholders be entitled to claim from the Issuer, any Financial Guarantor or the Bond Trustee, any indemnification or other payment in respect of any consequence (including any tax consequence) for individual Bondholders of any such exercise.

*(b) Exercise of rights by Bond Trustee*

Except as otherwise provided in these Conditions and the Bond Trust Deed, when exercising any rights, powers, trusts, authorities and discretions relating to or contained in these Conditions or the Bond Trust Deed (other than in determining or in respect of any Entrenched Right or Reserved Matter relating to the Bonds or any other Basic Terms Modification), which affects or relates to any Class A Wrapped Bonds and/or Class B Wrapped Bonds, the Bond Trustee shall only act on the instructions of the relevant Financial Guarantor(s) (provided no FG Event of Default has occurred and is continuing) in accordance with the provisions of the Bond Trust Deed and the Bond Trustee shall not be required to have regard to the interests of the Bondholders in relation to the exercise of such rights, powers, trusts, authorities and discretions and shall have no liability to any Bondholders as a consequence of so acting. As a consequence of being required to act only on the instructions of the relevant Financial Guarantor(s) in the circumstances referred to in the previous sentence, the Bond Trustee may not, notwithstanding the provisions of these Conditions, be entitled to act on behalf of the holders of any Sub-Classes of Bonds. Subject as provided in these Conditions and the Bond Trust Deed, the Bond Trustee will exercise its rights under, or in relation to, the Bond Trust Deed, the Conditions or any Financial Guarantee in accordance with the directions of the relevant Bondholders, but the Bond Trustee shall not be bound as against the Bondholders to take any such action unless it has (a) (in respect of the matters set out in Condition 11 (*Events of default*) and Condition 15(a) (*Decisions of the Majority Creditors*) only) been so requested in writing by the holders of at least 25 per cent. in nominal amount of the relevant Sub-Classes of Bonds Outstanding; or (b) been so directed by an Extraordinary Resolution; and (ii) been indemnified and/or furnished with security to its satisfaction.

*(c) Decisions under STID binding on all Bondholders*

Subject to the provisions of the STID and the Entrenched Rights and Reserved Matters of the Bond Trustee and the Bondholders, decisions of the Majority Creditors and (in a Default Situation) decisions made pursuant to the Emergency Instructions Procedures will bind the Bond Trustee and the Bondholders in all circumstances.

## **17 Notices**

Notices to holders of Registered Bonds will be posted to them at their respective addresses in the Register and deemed to have been given on the date of posting. Other notices to Bondholders will be valid if published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*). The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of the Irish Stock Exchange, on which the Bonds are for the time being listed. Any such notice (other than to holders of Registered Bonds as specified above) shall be deemed



to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders and Receiptholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Bonds in accordance with this Condition 17.

So long as any Bonds are represented by Global Bonds, notices in respect of those Bonds may be given by delivery of the relevant notice to Euroclear as operator of the Euroclear System or Clearstream, Luxembourg or any other relevant clearing system as specified in the relevant Final Terms or Drawdown Prospectus for communication by them to entitled account holders in substitution for publication in a daily newspaper with general circulation in London. Such notices shall be deemed to have been received by the Bondholders on the day of delivery to such clearing systems.

## **18 Indemnification of the Bond Trustee and Security Trustee**

### *(a) Indemnification of the Bond Trustee*

The Bond Trust Deed contains provisions for indemnification of the Bond Trustee, and for its relief from responsibility, including provisions relieving it from taking any action including taking proceedings against the Issuer, any Financial Guarantor and or any other person unless indemnified and/or secured to its satisfaction. The Bond Trustee or any of its affiliates (as defined in Condition (Indexation)) are entitled to enter into business transactions with the Issuer, any Financial Guarantor, the other Secured Creditors or any of their respective subsidiaries or associated companies without accounting for any profit resulting therefrom.

### *(b) Indemnification of the Security Trustee*

Subject to the Entrenched Rights and Reserved Matters of the Security Trustee, the Security Trustee will only be required to take any action under or in relation to, or to enforce or protect the Security, or any other security interest created by a Finance Document, or a document referred to therein, if instructed to act by the Majority Creditors or Secured Creditors (or their representatives) (as appropriate) and if indemnified to its satisfaction.

### *(c) Directions, Duties and Liabilities*

Neither the Security Trustee nor the Bond Trustee, in the absence of its own wilful misconduct, gross negligence or fraud, and in all cases when acting as directed by or subject to the agreement of the Majority Creditors or Secured Creditors (or their representatives) (as appropriate), shall in any way be responsible for any loss, costs, damages or expenses or other liability, which may result from the exercise or non-exercise of any consent, waiver, power, trust, authority or discretion vested in the Security Trustee or the Bond Trustee pursuant to the STID, any Finance Document or any Ancillary Document.

## **19 Miscellaneous**

### *(a) Governing Law*

The Bond Trust Deed, STID, the Security Agreement, the Bonds, the Coupons, the Receipts, the Talons (if any), the relevant Financial Guarantee (if any) and the other Finance Documents are, and all matters arising from or in connection with such documents shall be governed by, and shall be construed in accordance with, English law.

(b) *Jurisdiction*

The courts of England are to have exclusive jurisdiction to settle any dispute that may arise out of or in connection with the Bonds, the Coupons, the Receipts, the Talons, the relevant Financial Guarantee (if any) and the Finance Documents and accordingly any legal action or proceedings arising out of or in connection with the Bonds, the Coupons, the Receipts, the Talons (if any) the relevant Financial Guarantee (if any) and/or the Finance Document may be brought in such courts. The Issuer has in each of the Finance Documents irrevocably submitted to the jurisdiction of such courts.

(c) *Third Party Rights*

No person shall have any right to enforce any term or condition of the Bonds or the Bond Trust Deed under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any rights or remedy which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

**4 Terms and Conditions of the Series 26 Bonds, the Series 27 Bonds, the Series 30 Bonds and the Series 31 Bonds (as amended by the Deed of Variation and the Deed of Amendment)**

*[See overleaf]*

## CHAPTER 8 THE BONDS

### Terms and Conditions of the Bonds

*The following is the text of the terms and conditions which (subject to completion in accordance with the provisions of the relevant Final Terms or completion in accordance with the provisions of the relevant Drawdown Prospectus (as defined below) and, save for the italicised paragraphs) will be incorporated into each Global Bond (as defined below) representing Bonds (as defined below) in bearer form, Bonds in definitive form (if any) issued in exchange for the Global Bond(s) representing Bonds in bearer form, each Global Bond Certificate (as defined below) representing Bonds in registered form and each Individual Bond Certificate (as defined below) representing Bonds in registered form (only if such incorporation is permitted by the rules of the relevant stock exchange and agreed by the Issuer). If such incorporation is not so permitted and agreed, each Bond in bearer form and each Individual Bond Certificate representing Bonds in registered form will have endorsed thereon or attached thereto such text (as so completed, amended, varied or supplemented). Further information with respect to each Tranche (as defined below) of Bonds will be given in the relevant Final Terms or Drawdown Prospectus which will provide for those aspects of these Conditions which are applicable to such Tranche (as defined below) of Bonds, including, in the case of Wrapped Bonds (as defined below), the form of Financial Guarantee (as defined below) and endorsement and, in the case of all Sub-Classes (as defined below), the terms of the relevant advance under the relevant Issuer/TWUL Loan Agreement. If a Financial Guarantor (as defined below) is appointed in relation to any Sub-Class of Wrapped Bonds (as specified in the relevant Drawdown Prospectus) a supplement to this Base Prospectus will be produced providing such information about such Financial Guarantor as may be required by the rules of the Irish Stock Exchange plc, trading as Euronext Dublin (“Euronext Dublin”) on which such Bonds are admitted to listing and/or trading. References in the Conditions to “Bonds” are, as the context requires, references to the Bonds of one Sub-Class only, not to all Bonds which may be issued under the Programme.*

Thames Water Utilities Finance plc (the “**Issuer**”) has established a guaranteed bond programme (the “**Programme**”) for the issuance of up to £10,000,000,000 guaranteed bonds (the “**Bonds**”). Bonds issued under the Programme on a particular Issue Date comprise a Series (a “**Series**”), and each Series comprises one or more Classes of Bonds (each a “**Class**”). Each Class may comprise one or more sub-classes (each a “**Sub-Class**”) and each Sub-Class comprising one or more tranches (each a “**Tranche**”).

Certain of the Bonds will be subject to a Financial Guarantee and will be designated as “Class A Wrapped Bonds” or “Class B Wrapped Bonds”. The Bonds which are not subject to a Financial Guarantee will be designated as “Class A Unwrapped Bonds” (and, together with the Class A Wrapped Bonds, the “**Class A Bonds**”) or “Class B Unwrapped Bonds” (and, together with the Class B Wrapped Bonds, the “**Class B Bonds**”). Each Sub-Class will be denominated in different currencies or will have different interest rates, maturity dates or other terms. Bonds of any Class may be zero coupon bonds (“**Zero Coupon Bonds**”), fixed rate bonds (“**Fixed Rate Bonds**”), floating rate bonds (“**Floating Rate Bonds**”), index-linked bonds (“**Indexed Bonds**”), dual currency bonds (“**Dual Currency Bonds**”) or instalment bonds (“**Instalment Bonds**”) depending on the method of calculating interest payable in respect of such Bonds and may be denominated in sterling, euro, U.S. dollars or in other currencies subject to compliance with applicable law.

The terms and conditions applicable to any particular Sub-Class of Bonds are these terms and conditions (“**Conditions**”) as completed, amended and/or replaced by a set of final terms in relation to such Sub-Class (a “**Final Terms**”) or a drawdown prospectus (a “**Drawdown Prospectus**”). In the event of any inconsistency between these Conditions and the relevant Final Terms or Drawdown Prospectus, the relevant Final Terms or Drawdown Prospectus (as applicable) shall prevail.

The Final Terms or Drawdown Prospectus for the Bonds (or the relevant provisions thereof) completes these Conditions and a Drawdown Prospectus may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of the Bonds. Reference to “Final Terms” or “Drawdown Prospectus” is to the Final Terms or, as the case may be, Drawdown Prospectus (or the relevant provisions thereof) applicable to the Bonds.

The Bonds are subject to and have the benefit of a trust deed dated the Initial Issue Date (as defined below) (as amended, supplemented, restated and/or novated from time to time, the “**Bond Trust Deed**”) between the Issuer, any Financial Guarantor (as defined below) acceding thereto and Deutsche Trustee Company Limited as trustee (the “**Bond Trustee**”, which expression includes the trustee or trustees for the time being of the Bond Trust Deed).

The Class A Wrapped Bonds and the Class B Wrapped Bonds (each “**Wrapped Bonds**”) alone will be unconditionally and irrevocably guaranteed as to scheduled payments of principal and interest (as adjusted for indexation, as applicable, but excluding any additional amounts relating to premium, prepayment or acceleration, accelerated amounts and amounts (if any), in the case of Fixed Rate Bonds or Indexed Bonds (other than deferred interest), representing step-up fees at a rate specified in the relevant Drawdown Prospectus in excess of the initial Coupons on such Sub-Class as at the relevant Issue Date (as defined in Condition 6(l) (*Definitions*)), and, in the case of Floating Rate Bonds, representing step-up fees at a rate specified in the relevant Drawdown Prospectus in excess of the initial Margin on the Coupons on such Sub-Class as at the relevant Issue Date (as defined in Condition 6(l) (*Definitions*)) (in each case, the “**Subordinated Step-up Fee Amounts**”), all such amounts being the “**FG Excepted Amounts**”) pursuant to a financial guarantee (each, a “**Financial Guarantee**”) to be issued by financial guarantors (each a “**Financial Guarantor**”) in conjunction with the issue of each Sub-Class of Bonds.

Neither of the Class A Unwrapped Bonds or the Class B Unwrapped Bonds (each “**Unwrapped Bonds**”) will have the benefit of any such Financial Guarantee.

The Bonds have the benefit (to the extent applicable) of an agency agreement (as amended, supplemented and/or restated from time to time, the “**Agency Agreement**”) dated the Initial Issue Date (to which the Issuer, the Bond Trustee, the Principal Paying Agent and the other Paying Agents (in the case of Bearer Bonds) or the Transfer Agents and the Registrar (in the case of Registered Bonds) are party). As used herein, each of “Principal Paying Agent”, “Paying Agents”, “Agent Bank”, “Transfer Agents” and/or “Registrar” means, in relation to the Bonds, the persons specified in the Agency Agreement as the Principal Paying Agent, Paying Agents, Agent Bank, Transfer Agents and/or Registrar, respectively, and, in each case, any successor to such person in such capacity. The Bonds may also have the benefit (to the extent applicable) of a calculation agency agreement (in the form or substantially in the form of Schedule 1 to the Agency Agreement, the “**Calculation Agency Agreement**”) between, *inter alios*, the Issuer and any calculation agent appointed by the Issuer as calculation agent (the “**Calculation Agent**”).

On 30 August 2007 (the “**Initial Issue Date**”), the Issuer entered into a security agreement (the “**Security Agreement**”) with Deutsche Trustee Company Limited as security trustee (the “**Security Trustee**”), pursuant to which the Issuer granted certain fixed and floating charge security (the “**Issuer Security**”) to the Security Trustee for itself and on behalf of the Bond Trustee (for itself and on behalf of the Bondholders), the Bondholders, each TWUF Bond Trustee (for itself and on behalf of the relevant Secured TWUF Bondholders), the Secured TWUF Bondholders, each Financial Guarantor, the Issuer, each Liquidity Facility Provider, any Liquidity Facility Arrangers, each Finance Lessor, the Hedge Counterparties, the Liquidity Facility Agents, the Initial Credit Facility Agent, the Initial Credit Facility Providers, each Authorised Credit Provider (as defined below), each Agent, the Account Bank, the Cash Manager (other than when the Cash Manager is TWUL), the Standstill Cash Manager and any Additional Secured Creditors (each as defined therein) (together with the Security Trustee, the “**Secured Creditors**”). On the Initial Issue Date, the Issuer entered into a Security Trust and Intercreditor Deed (the “**STID**”) with, among others, the Security Trustee, other Secured Creditors and certain Secondary Market Guarantors and pursuant to which the Security Trustee holds the Security on trust for itself and the other Secured Creditors and the Secured Creditors and the Secondary Market Guarantors agree to certain intercreditor arrangements.

The Issuer entered into a dealership agreement (as amended, supplemented and/or restated from time to time, the “**Dealership Agreement**”) with the dealers named therein (the “**Dealers**”) in respect of the Programme, pursuant to which any of the Dealers may enter into a subscription agreement in relation to each Sub-Class of Bonds issued by the Issuer, and pursuant to which the Dealers have agreed to subscribe for the relevant Sub-Class of Bonds. In any subscription agreement relating to a Sub-Class of Bonds, any of the Dealers may agree to procure subscribers to subscribe for the relevant Sub-Class of Bonds.

On the Initial Issue Date, the Issuer entered into a Common Terms Agreement (the “**Common Terms Agreement**”) with, among others, the Security Trustee, pursuant to which the Issuer makes certain representations, warranties and covenants and which sets out in Schedule 7 thereof the Events of Default (as defined therein) in relation to the Bonds.

The Issuer has entered or may enter into liquidity facility agreements (together, the “**Liquidity Facility Agreements**”) with certain liquidity facility providers (together, the “**Liquidity Facility Providers**”) pursuant to which the Liquidity Facility Providers agree to make certain facilities available to meet liquidity shortfalls (including debt service liquidity shortfalls and shortfalls in operating and maintenance expenditure of TWUL).

The Issuer has entered or may enter into certain revolving credit facilities (together, the “**Authorised Credit Facilities**”) with certain lenders (the “**Authorised Credit Providers**”), pursuant to which the Authorised Credit Providers agree to make certain facilities available to the Issuer for the purpose of funding certain working capital, capital expenditure and other expenses of the TWU Financing Group.

TWUL and/or the Issuer may enter into certain currency, index linked and interest rate hedging agreements (together, the “**Hedging Agreements**”) with certain hedge counterparties (together the “**Hedge Counterparties**”) in respect of certain Sub-Classes of Bonds and Authorised Credit Facilities, pursuant to which the Issuer or TWUL, as the case may be, hedges certain of its currency, index linked and interest rate obligations.

The Bond Trust Deed, the Bonds (including the applicable Final Terms) or Drawdown Prospectus, the Secured TWUF Bond Trust Deeds, the Secured TWUF Bonds (including the applicable final terms), the Security Agreement, the STID, (the STID, the Security Agreement and any other documentation evidencing or creating security over any asset of an Obligor to a Secured Creditor under the Finance Documents being together the “**Security Documents**”), the Financial Guarantee Fee Letters, the Finance Lease Documents, the Agency Agreement, the Liquidity Facility Agreements, the Hedging Agreements, the Initial Credit Facility Agreement, the Issuer/TWUL Loan Agreements, the TWUF/TWUL Loan Agreements, the TWUL/TWH Loan Agreement, the G&R Deeds, the Financial Guarantees, the CTA, the CP Agreement, the Existing Authorised Credit Finance Contracts, any other Authorised Credit Facilities, the master definitions agreement between, among others, the Issuer and the Security Trustee dated the Initial Issue Date (as amended, supplemented and/or restated from time to time, the “**Master Definitions Agreement**”), the account bank agreement between, among others, the account bank, the Issuer and the Security Trustee (the “**Account Bank Agreement**”), the Tax Deed of Covenant, any indemnification deed between, among others, a Financial Guarantor and the Dealers (an “**Indemnification Deed**”) and any related security document (each, if not defined above, as defined below or in the Master Definitions Agreement) are, in relation to the Bonds, (and together with each other agreement or instrument between TWUL or the Issuer (as applicable) and an Additional Secured Creditor designated as a Finance Document by TWUL or the Issuer (as applicable), the Security Trustee and such Additional Secured Creditor in the Accession Memorandum of such Additional Secured Creditor) together referred to as the “**Finance Documents**”.

Terms not defined in these Conditions have the meaning set out in the Master Definitions Agreement.

Certain statements in these Conditions are summaries of the detailed provisions appearing on the face of the Bonds (which expression shall include the body thereof), in the relevant Final Terms or Drawdown Prospectus or in the Bond Trust Deed, the Security Agreement or the STID. Copies of, *inter alia*, the Finance Documents are available for inspection during normal business hours at the specified offices of the Principal Paying Agent (in the case of bearer Bonds) or the specified offices of the Transfer Agents and the Registrar (in the case of registered Bonds).

The Bondholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Bond Trust Deed, the STID, the Security Agreement, the CTA and the relevant Final Terms or Drawdown Prospectus and to have notice of those provisions of the Agency Agreement and the other Finance Documents applicable to them.

Any reference in these Conditions to a matter being “specified” means as the same may be specified in the relevant Final Terms or Drawdown Prospectus.

## 1 Form, Denomination and Title

### (a) *Form and Denomination*

The Bonds are in bearer form (“**Bearer Bonds**”) or in registered form (“**Registered Bonds**”) as specified in the applicable Final Terms or Drawdown Prospectus and, serially numbered in the Specified Denomination(s) provided that in the case of any Bonds which require the publication of a prospectus under the Prospectus Regulation, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Bonds). Bonds of one Specified Denomination may not be exchanged for Bonds of another Specified Denomination and Registered Bonds may not be exchanged for Bearer Bonds and *vice versa*. References in these Conditions to “Bonds” include Bearer Bonds and Registered Bonds and all Sub-Classes, Classes, Tranches and Series.

Interest-bearing Bearer Bonds are issued with Coupons (as defined below) (and, where appropriate, a Talon, (as defined below)) attached. After all the Coupons attached to, or issued in respect of, any Bearer Bond which was issued with a Talon have matured, a coupon sheet comprising further Coupons (other than Coupons which would be void) and (if necessary) one further Talon will be issued against presentation of the relevant Talon at the specified office of any Paying Agent. Any Bearer Bond the principal amount of which is redeemable in instalments may be issued with one or more Receipts (as defined below) (and, where appropriate, a Talon) attached thereto. After all the Receipts attached to, or issued in respect of, any Instalment Bond which was issued with a Talon have matured, a receipt sheet comprising further Receipts (other than Receipts which would be void) and (if necessary) a further Talon will be issued against presentation of the relevant Talon at the specified office of any Paying Agent.

### (b) *Title*

Title to Bearer Bonds, Coupons, Receipts and Talons (if any) passes by delivery. Title to Registered Bonds passes by registration in the register (the “**Register**”), which the Issuer shall procure to be kept by the Registrar.

In these Conditions, subject as provided below, each “Bondholder” (in relation to a Bond, Coupon, Receipt or Talon), “holder” and “Holder” means (i) in relation to a Bearer Bond, the bearer of any Bearer Bond, Coupon, Receipt or Talon (as the case may be) and (ii) in relation to Registered Bond, the person in whose name a Registered Bond is registered, as the case may be. The expressions “Bondholder”, “holder” and “Holder” include the holders of instalment receipts (which, in relation to Class A Bonds will be “Class A Receipts”, in relation to Class B Bonds, “Class B Receipts” and together, the “**Receipts**”), appertaining to the payment of principal by instalments (if any) attached to such Bonds in bearer form (the “**Receiptholders**”), the holders of the coupons (which, in relation to Class A Bonds will be “**Class A Coupons**”, in relation to Class B Bonds, “**Class B Coupons**” and together, the “**Coupons**”) (if any) appertaining to interest bearing Bonds in bearer form (the “**Couponholders**”), and the expression Couponholders or Receiptholders includes the holders of talons in relation to Coupons or Receipts as applicable, (which, in relation to Class A Bonds will be “**Class A Talons**”, in relation to

Class B Bonds, “**Class B Talons**” and together, the “**Talons**”) (if any) for further coupons or receipts, as applicable attached to such Bonds (the “**Talonholders**”).

The bearer of any Bearer Bond, Coupon, Receipt or Talon and the registered holder of any Registered Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the relevant Bond, or its theft or loss or any express or constructive notice of any claim by any other person of any interest therein other than, in the case of a Registered Bond, a duly executed transfer of such Bond in the form endorsed on the Bond Certificate in respect thereof) and no person will be liable for so treating the holder.

Bonds which are represented by a Global Bond or Global Bond Certificate 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 Drawdown Prospectus or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Bond Trustee.

(c) *Fungible Issues of Bonds comprising a Sub-Class*

A Sub-Class of Bonds may comprise a number of issues in addition to the initial Tranche of such Sub-Class, each of which will be issued on identical terms save for the first Interest Payment Date, the Issue Date and the Issue Price. Such further issues of the same Sub-Class will be consolidated and form a Series with the prior issues of that Sub-Class.

## **2 Exchanges of Bearer Bonds for Registered Bonds and Transfers of Registered Bonds**

(a) *Exchange of Bonds*

Subject to Condition 2(e) (*Closed Periods*), Bearer Bonds may, if so specified in the relevant Final Terms or Drawdown Prospectus, be exchanged at the expense of the transferor Bondholder for the same aggregate principal amount of Registered Bonds at the request in writing of the relevant Bondholder and upon surrender of the Bearer Bond to be exchanged together with all unmatured Coupons, Receipts and Talons (if any) relating to it at the specified office of the Registrar or any Transfer Agent or Paying Agent. Where, however, a Bearer Bond is surrendered for exchange after the Record Date (as defined below) for any payment of interest or Interest Amount (as defined below), the Coupon in respect of that payment of interest or Interest Amount need not be surrendered with it.

Registered Bonds may not be exchanged for Bearer Bonds.

(b) *Transfer of Registered Bonds*

A Registered Bond may be transferred upon the surrender of the relevant Individual Bond Certificate, together with the form of transfer endorsed on it duly completed and executed, at the specified office of any Transfer Agent or the Registrar. However, a Registered Bond may not be transferred unless (i) the principal amount of Registered Bonds proposed to be transferred; and (ii) the principal amount of the Registered Bonds proposed to be the principal amount of the balance of Registered Bonds to be retained by the relevant transferor are, in each case, Specified Denominations (as specified in the relevant Final Terms or Drawdown Prospectus). In the case of a transfer of part only of a holding of Registered Bonds represented by an Individual Bond Certificate, a new Individual Bond Certificate in respect of the balance not transferred will be issued to the transferor within three business days (in the place of the specified office of the Transfer Agent or the Registrar) of receipt of such form of transfer.



(c) *Delivery of New Individual Bond Certificates*

Each new Individual Bond Certificate to be issued upon exchange of Bearer Bonds or transfer of Registered Bonds will, within three business days (in the place of the specified office of the Transfer Agent or the Registrar) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or the Registrar stipulated in the request for exchange or form of transfer, or be mailed at the risk of the Bondholder entitled to the Individual Bond Certificate to such address as may be specified in such request or form of transfer. For these purposes, a form of transfer or request for exchange received by the Registrar after the Record Date (as defined below) in respect of any payment due in respect of Registered Bonds shall be deemed not to be effectively received by the Registrar until the business day (as defined below) following the due date for such payment.

(d) *Exchange at the Expense of Transferor Bondholder*

Registration of Bonds on exchange or transfer will be effected at the expense of the transferor Bondholder by or on behalf of the Issuer, the Transfer Agent or the Registrar, and upon payment of (or the giving of such indemnity as the Transfer Agent or the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.

(e) *Closed Periods*

No transfer of a Registered Bond may be registered, nor any exchange of a Bearer Bond for a Registered Bond may occur (i) during the period of 15 days ending on the due date for any payment of principal, interest, Interest Amount (as defined below) or Redemption Amount (as defined below) on that Bond; (ii) during the period of 15 days before any date on which that Bonds may be called for redemption by the Issuer at its option pursuant to Condition 8(b) (*Optional Redemption*) or Condition 8(j) (*Redemption at the Option of the Issuer (Issuer Maturity Call)*); or (iii) after that Bond has been called for redemption.

### **3 Status of Bonds and Financial Guarantee**

(a) *Status of Class A Bonds*

This Condition 3(a) is applicable only in relation to Bonds which are specified as being a Sub-Class of Class A Bonds.

The Class A Bonds, Class A Coupons, Class A Talons and Class A Receipts (if any) are direct and unconditional obligations of the Issuer, are secured in the manner described in Condition 4 (*Security, Priority and Relationship with Secured Creditors*) and rank *pari passu* without any preference among themselves. However, the Class A Unwrapped Bonds will not have the benefit of any Financial Guarantee.

(b) *Status of Class B Bonds*

This Condition 3(b) is applicable only in relation to Bonds which are specified as being a Sub-Class of Class B Bonds.

The Class B Bonds, Class B Coupons, Class B Talons and Class B Receipts (if any) are direct and unconditional obligations of the Issuer, are secured in the manner described in Condition 4 (*Security, Priority and Relationship with Secured Creditors*), are subordinated to the Class A Bonds, Class A Coupons, Class A Receipts and Class A Talons (if any) and rank *pari passu* without any preference among themselves. However, the Class B Unwrapped Bonds will not have the benefit of any Financial Guarantee.

(c) *Financial Guarantee Issued by Financial Guarantor*

This Condition 3(c) is applicable only in relation to Bonds which are specified as being a Sub-Class of Wrapped Bonds (which may only be issued by way of Drawdown Prospectus).

Each Sub-Class of each Class of Wrapped Bonds will have the benefit of a Financial Guarantee issued by a Financial Guarantor, issued pursuant to a guarantee and reimbursement deed between, amongst others, the Issuer and a Financial Guarantor dated on or before the relevant Issue Date (as defined below) of such Bonds (each a “**G&R Deed**”). Under the relevant Financial Guarantee, the relevant Financial Guarantor unconditionally and irrevocably agrees to pay to the Bond Trustee all sums due and payable but unpaid by the Issuer in respect of scheduled interest and payment of principal (but excluding FG Excepted Amounts) on such Wrapped Bonds, all as more particularly described in the relevant Financial Guarantee.

The terms of the relevant Financial Guarantee provide that amounts of principal on any such Bonds which have become immediately due and payable (whether by virtue of acceleration, prepayment or otherwise) other than on the relevant Payment Date (as defined under the Financial Guarantee) will not be treated as Guaranteed Amounts (as defined in the Financial Guarantee) which are Due for Payment (as defined in the Financial Guarantee) under the Financial Guarantee unless the Financial Guarantor in its sole discretion elects so to do by notice in writing to the Bond Trustee. The Financial Guarantor may elect to accelerate payments due under the Financial Guarantee in full or in part. All payments made by the relevant Financial Guarantor under the relevant Financial Guarantee in respect of partial acceleration shall be applied (i) to pay the Interest (as defined in the relevant Financial Guarantee) accrued but unpaid on the Principal (as defined in the relevant Financial Guarantee) of such part of the accelerated payment; and (ii) to reduce the Principal (as defined in the relevant Financial Guarantee) (or, in the case of Wrapped Bonds repayable in instalments, each principal repayment instalment on a pro rata basis with a corresponding reduction of each amount of the Interest (as determined in the Financial Guarantee)) outstanding under the relevant Sub-Classes of Wrapped Bonds. If no such election is made, the Financial Guarantor will continue to be liable to make payments in respect of the Bonds pursuant to the relevant Financial Guarantee on the dates on which such payments would have been required to be made if such amounts had not become immediately due and payable.

To the extent that the early redemption price of any Bonds exceeds the aggregate of the Principal Amount Outstanding of and any accrued interest outstanding on any such Bonds to be redeemed (each as adjusted for indexation in accordance with Condition 7(b) (Application of the Index Ratio), if applicable), payment of such early redemption price will not be guaranteed by the Financial Guarantor under the relevant Financial Guarantee.

(d) *Status of Financial Guarantee*

This Condition 3(d) is applicable only in relation to Bonds which are specified as being a Sub-Class of Wrapped Bonds (which may only be issued by way of Drawdown Prospectus).

The relevant Financial Guarantee provided by the Financial Guarantor in respect of the Bonds will constitute a direct, unsecured obligation of the Financial Guarantor which will rank at least *pari passu* with all other unsecured obligations of such Financial Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(e) *Security Trustee not responsible for monitoring compliance*

Subject to certain exceptions, when granting any consent or waiver or exercising any power, trust, authority or discretion relating to or contained in the STID, the other Finance Documents or any Ancillary Documents, the Security Trustee will act in accordance with its sole discretion (where granted

such right) or as directed, requested or instructed by or subject to the agreement of the Majority Creditors or, in particular cases, other specified parties and in accordance with the provisions of the STID.

The Security Trustee shall not be responsible for monitoring compliance by TWUL with any of its obligations under the Finance Documents to which it is a party except by means of receipt from TWUL of certificates of compliance which TWUL has covenanted to deliver to the Security Trustee pursuant to the provisions of the CTA and which will state among other things, that no Default is outstanding. The Security Trustee shall be entitled to rely on certificates absolutely (without enquiry or liability) unless it is instructed otherwise by the Majority Creditors in which case it will be bound to act on such instructions in accordance with the STID. The Security Trustee is not responsible for monitoring compliance by any of the parties with their respective obligations under the Finance Documents. The Security Trustee may call for and is at liberty to accept as sufficient evidence a certificate signed by any two Authorised Signatories of any Obligor or any other party to any Finance Document to the effect that any particular dealing, transaction, step or thing is in the opinion of the persons so certifying suitable or expedient or as to any other fact or matter upon which the Security Trustee may require to be satisfied. The Security Trustee is in no way bound to call for further evidence or be responsible for any loss that may be occasioned by acting on any such certificate although the same may contain some error or is not authentic. The Security Trustee is entitled to rely upon any certificate believed by it to be genuine and will not be liable for so acting.

All Bondholders shall (on providing sufficient evidence of identity) be entitled to view a copy of the Periodic Information as and when available to the Security Trustee pursuant to the terms of the CTA and to view a copy of the unaudited interim accounts and audited annual accounts of TWUL within 90 days of 30 September and 180 days of 31 March of each year, respectively.

In addition, each Guarantor has covenanted to provide the Security Trustee with certain additional information (as set out in Schedule 5, Part 1 “Information Covenants” of the CTA). Such information may be published on a website designated by the relevant Guarantor and the Security Trustee.

In the event the relevant website cannot be accessed for technical reasons or is non-operational or is infected by an electronic virus or function software for a period of five consecutive days, all such information set out above which would otherwise be available will be delivered to the Security Trustee in paper form for onward delivery to the Bond Trustee and the Agents. Copies of such information will be available for inspection at the specified office of the Agents and the Bond Trustee.

#### **4 Security, Priority and Relationship with Secured Creditors**

##### *(a) Guarantee and Security*

Under the Security Agreement, Thames Water Utilities Holdings Limited (“**TWH**”) guarantees the obligations of each other Obligor under the Finance Documents and TWUL and the Issuer will guarantee the obligations of each other under the Finance Documents, in each case to the Security Trustee for itself and on behalf of the Secured Creditors (including, without limitation, the Bond Trustee for itself and on behalf of the Bondholders) and secures such obligations upon the whole of its property, undertaking, rights and assets, subject to certain specified exceptions and, in the case of TWUL, to the terms of the Instrument of Appointment (as defined below) and any requirements thereunder or the Act (as defined below). There is no intention to create further security for the benefit of the holders of Bonds issued after the Initial Issue Date. All Bonds issued by the Issuer under the Programme and any additional creditor of the Issuer acceding to the STID will share in the security (the “**Security**”) constituted by the Security Documents.

In these Conditions:

the “**Act**” means the United Kingdom Water Industry Act 1991 (as amended); and “Instrument of Appointment” means the instrument of appointment dated 1989 as amended under which the Secretary of State for the Environment appointed TWUL as a water and sewerage undertaker under the Act for the areas described in the Instrument of Appointment, as modified or amended from time to time.

“**Obligors**” means TWUL, TWH and the Issuer (for so long as they remain Obligors).

(b) *Relationship among Bondholders and with other Secured Creditors*

The Bond Trust Deed contains provisions detailing the Bond Trustee’s obligations to consider the interests of the Bondholders as regards all powers, trusts and authorities, duties and discretions of the Bond Trustee (except where expressly provided or otherwise referred to in Condition 16 (*Bond Trustee Protections*)).

The STID provides that the Security Trustee (except in relation to its Reserved Matters and Entrenched Rights and subject to certain exceptions) will act on instructions of the Majority Creditors (including the Bond Trustee as trustee for and representative of the holders of each Sub-Class of Wrapped Bonds (following the occurrence of an FG Event of Default in respect of the Financial Guarantor of such Wrapped Bonds which is continuing) and the holders of Unwrapped Bonds) and, when so doing, the Security Trustee is not required to have regard to the interests of any Secured Creditor (including the Bond Trustee as trustee for and representative of the Bondholders or any individual Bondholder) in relation to the exercise of such rights and, consequently, has no liability to the Bondholders as a consequence of so acting.

(c) *Enforceable Security*

In the event of the Security becoming enforceable as provided in the STID, the Security Trustee shall, if instructed by the Majority Creditors, enforce its rights with respect to the Security, but without any liability as to the consequence of such action and without having regard to the effect thereof on, or being required to account for such action to, any particular Bondholder, provided that the Security Trustee shall not be obliged to take any action unless it is indemnified and/or secured and/or pre-funded to its satisfaction.

(d) *Application After Enforcement*

After enforcement of the Security, the Security Trustee shall (to the extent that such funds are available) use funds standing to the credit of the Accounts (other than the Excluded Accounts) to make payments in accordance with the Payment Priorities (as set out in the CTA).

(e) *Bond Trustee and Security Trustee not liable for security*

The Bond Trustee and the Security Trustee will not be liable for any failure to make the usual investigations or any investigations which might be made by a security holder in relation to the property which is the subject of the Security, and shall not be bound to enquire into or be liable for any defect or failure in the right or title of the relevant Obligor to the Security, whether such defect or failure was known to the Bond Trustee or the Security Trustee or might have been discovered upon examination or enquiry or whether capable of remedy or not, nor will it have any liability for the enforceability of the Security created under the Security Documents whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting such Security. The Bond Trustee and the Security Trustee have no responsibility for the value of any such Security.

## 5 Issuer Covenants

So long as any of the Bonds remain Outstanding, the Issuer has agreed to comply with the covenants as set out in Schedule 4 of the CTA.

The Bond Trustee shall be entitled to rely absolutely (without enquiry or liability) on a certificate of any director of the Issuer in relation to any matter relating to such covenants and to accept without liability any such certificate as sufficient evidence of the relevant fact or matter stated in such certificate.

## 6 Interest and other calculations

### (a) *Interest on Fixed Rate Bonds and Indexed Bonds*

This Condition 6(a) is applicable only if the relevant Final Terms or Drawdown Prospectus specifies the Bonds as Fixed Rate Bonds or Indexed Bonds.

Each Fixed Rate Bond and Indexed Bond bears interest on its Principal Amount Outstanding and, if it is an Indexed Bond, adjusted for indexation in accordance with Condition 7 (*Indexation*) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Interest Rate(s). Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

For the avoidance of doubt, the amount of interest payable in respect of each Bond shall be the amount of interest payable per Calculation Amount multiplied by the Principal Amount Outstanding of such Bond and divided by the Calculation Amount and rounding the resultant figure to the nearest unit of the Relevant Currency in accordance with Condition 6(e) (*Rounding*).

The amount of interest payable per Calculation Amount in respect of any Bond for any Fixed Interest Period shall be equal to the product of the Interest Rate, the Calculation Amount specified, and the Day Count Fraction for such Fixed Interest Period and rounding the resultant figure to the nearest unit of the Relevant Currency in accordance with Condition 6(e) (*Rounding*), unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Period, in which case the amount of interest payable per Calculation Amount in respect of such Bond for such Fixed Interest Period shall equal such Interest Amount (or be calculated in accordance with such formula).

Where any Interest Period comprises two or more Fixed Interest Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Fixed Interest Periods.

As used in these 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.

If interest is required to be calculated for a period other than a Fixed Interest Period or if no Fixed Coupon Amount is specified in the applicable Final Terms or Drawdown Prospectus, such interest payable per Calculation Amount shall be calculated (i) in the case of Bonds other than Indexed Bonds, by applying the Interest Rate to the Calculation Amount specified, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest unit of the Relevant Currency in accordance with Condition 6(e) (*Rounding*) and (ii) in the case of Indexed Bonds, on an Actual/Actual basis.

(b) *Interest on Floating Rate Bonds*

This Condition 6(b) is applicable only if the relevant Final Terms or Drawdown Prospectus specifies the Bonds as Floating Rate Bonds.

(i) *Interest Payment Dates*

Each Floating Rate Bond bears interest on its Principal Amount Outstanding 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 Drawdown Prospectus; or
- (B) if no Specified Interest Payment Date(s) is/are expressly specified in the applicable Final Terms or Drawdown Prospectus, 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 or Drawdown Prospectus 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.

For the avoidance of doubt, the amount of interest payable in respect of each Bond shall be the amount of interest payable per Calculation Amount multiplied by the Principal Amount Outstanding of such Bond and divided by the Calculation Amount and rounding the resultant figure to the nearest unit of the Relevant Currency in accordance with Condition 6(e) (*Rounding*).

(ii) *Interest Rate(s)*

The Interest Rate(s) payable from time to time in respect of the Floating Rate Bonds will be determined in the manner specified herein and the provisions below relating to either Screen Rate Determination or ISDA Determination, depending upon which is specified in the applicable Final Terms or Drawdown Prospectus.

- (A) Save where the Reference Rate specified in the applicable Final Terms is SONIA, where “Screen Rate Determination” is specified in the relevant Final Terms or Drawdown Prospectus as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the Bonds for each Interest Period will be determined by the Agent Bank (or the Calculation Agent, if applicable) on the following basis:
  - (1) if the Page (as defined below) displays a rate which is a composite quotation or customarily supplied by one entity, the Agent Bank (or the Calculation Agent, if applicable) will determine the Relevant Rate (as defined in Condition 6(1) (*Definitions*)), being either EURIBOR or LIBOR, as specified in the applicable Final Terms or Drawdown Prospectus);
  - (2) in any other case, the Agent Bank (or the Calculation Agent, if applicable) will determine the arithmetic mean of the Relevant Rates (as defined in Condition 6(1) (*Definitions*)) which appear on the Page at the Relevant Time (as defined in Condition 6(1) (*Definitions*)) on the relevant Interest Determination Date;
  - (3) subject to Condition 6(b)(iii) below if, in the case of (1) above, such rate does not appear on that Page or, in the case of (2) above, fewer than two such rates appear

on that Page or if, in either case, the Page is unavailable, the Agent Bank (or the Calculation Agent, if applicable) will:

- (A) request the principal Relevant Financial Centre office of each of the Reference Banks (as defined in Condition 6(l) (*Definitions*)) to provide a quotation of the Relevant Rate at approximately the Relevant Time on the relevant Interest Determination Date to prime banks in the Relevant Financial Centre (as defined in Condition 6(l) (*Definitions*)) interbank market (or, if appropriate, money market) in an amount that is representative for a single transaction in that market at that time; and
  - (B) determine the arithmetic mean of such quotations; and
- (4) subject to Condition 6(b)(iii) below, if fewer than two such quotations are provided as requested in Condition 6(b)(ii)(A)(3), the Agent Bank (or the Calculation Agent, if applicable) will determine the arithmetic mean of the rates (being the rates nearest to the Relevant Rate as determined by the Agent Bank (or the Calculation Agent, if applicable)) quoted by the Reference Banks at approximately 11.00 a.m. (local time in the Relevant Financial Centre of the Relevant Currency) on the first day of the relevant Interest Period (as defined in Condition 6(l) (*Definitions*)) for loans in the Relevant Currency to leading European banks for a period equal to the relevant Interest Period and in the Representative Amount (as defined in Condition 6(l) (*Definitions*)),

and the Interest Rate for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined. However, if the Agent Bank is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Interest Rate applicable to the Bonds during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Bonds in respect of a preceding Interest Period.

- (B) If “ISDA Determination” is specified in the relevant Final Terms or Drawdown Prospectus as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate(s) applicable to the Bonds for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Agent Bank (or the Calculation Agent, if applicable) under an interest rate swap transaction if the Agent Bank (or the Calculation Agent, if applicable) were acting as calculation agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (1) Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms or Drawdown Prospectus;
  - (2) the Designated Maturity (as defined in the ISDA Definitions) is the Specified Duration (as defined in Condition 6(l) (*Definitions*)); and
  - (3) the relevant Reset Date (as defined in the ISDA Definitions) is either (1) if the relevant Floating Rate Option is based on LIBOR for a currency, the first day of that Interest Period, (2) if the relevant Floating Rate Option is based on EURIBOR,

the first day of that Interest Period or (3) in any other case, as specified in the relevant Final Terms or Drawdown Prospectus.

- (C) If “Screen Rate Determination” is specified in the relevant Final Terms as the manner in which the Interest Rate(s) is/are to be determined, and the Reference Rate specified in the applicable Final Terms is SONIA, the Interest Rate applicable to the Bonds for each Interest Period will be the Compounded Daily SONIA as determined by the Agent Bank plus or minus the Margin (as specified in the applicable Final Terms).

“**Compounded Daily SONIA**”, with respect to each Interest Period, will be calculated by the Agent Bank on the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005% being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“**d**” is the number of calendar days in the relevant Interest Period;

“**d<sub>0</sub>**” is the number of London Banking Days in the relevant Interest Period;

“**i**” is a series of whole numbers from one to **d<sub>0</sub>**, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Interest Period to, and including, the last London Banking Day in the relevant Interest Period;

“**London Banking Day**” or “**LBD**” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“**n<sub>i</sub>**” for any London Banking Day “**i**”, means the number of calendar days from and including such London Banking Day “**i**” up to but excluding the following London Banking Day;

“**p**” is the number of London Banking Days included in the Reference Look-Back Period, as specified in the applicable Final Terms provided that “**p**” shall not be less than three London Banking Days at any time and shall not be less than five London Banking Days without prior written approval of the Agent Bank;

“**Reference Look-Back Period**” is as specified in the applicable Final Terms;

“**Reference Period**” means, in respect of an Interest Period, the period from and including the date falling “**p**” London Banking Days prior to the first day of such Interest Period and ending on, but excluding, the date falling “**p**” London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling “**p**” London Banking Days prior to such earlier date, if any, on which the Bonds become due and payable);

the “**SONIA Reference Rate**”, in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average (“**SONIA**”) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Page or, if the Page is unavailable, as otherwise published by such



authorised distributors (on the London Banking Day immediately following such London Banking Day); and

“**SONIA<sub>I-PLBD</sub>**” means, in respect of any London Banking Day, falling in the relevant Interest Period, the SONIA Reference Rate for the London Banking Day which is “**p**” London Banking Days prior to the relevant London Banking Day “**i**”.

- (D) If, subject to Condition 6(b)(iii) (*Benchmark discontinuation*), in respect of any London Banking Day in the relevant Reference Period, the SONIA Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be:
- (1) (i) the Bank of England’s Bank Rate (the “**Bank Rate**”) prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or
  - (2) if the Bank Rate is not published by the Bank of England at close of business on the relevant London Banking Day, the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors).
- (E) Notwithstanding the paragraphs above, but subject to Condition 6(b)(iii) (*Benchmark discontinuation*), if the Bank of England publishes guidance as to (i) how the SONIA Reference Rate is to be determined or (ii) any rate that is to replace the SONIA Reference Rate, the Agent Bank shall, subject to receiving written instructions from the Issuer and to the extent reasonably practicable, follow such guidance in order to determine SONIA for the purpose of the Bonds for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors.

(iii) *Benchmark discontinuation*

(A) *Independent Adviser*

If the Issuer determines that a Benchmark Event occurs in relation to an Original Reference Rate when any Interest Rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 6(b)(iii)(B)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 6(b)(iii)(D)). In making such determinations, the Independent Adviser appointed pursuant to this Condition 6(b)(iii) shall act in good faith as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Bond Trustee, the Agents, the Bondholders, the Receiptholders or the Couponholders for any determination made by it, pursuant to this Condition 6(b)(iii).

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 6(b)(iii)(A) by no later than 5 Business Days prior to the relevant Interest Determination Date, the Interest Rate applicable to the next succeeding Interest Period shall be equal to the Interest Rate last determined in relation to the Bonds in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Interest Rate shall be the initial Interest Rate. Where a different Margin or Maximum Interest Rate or Minimum Interest Rate is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Interest Rate or Minimum Interest Rate relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Interest Rate relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 6(b)(iii)(A).

*(B) Successor Rate or Alternative Rate*

If the Independent Adviser determines that:

- (1) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Interest rate (or the relevant component part thereof) for all future payments of interest on the Bonds (subject to the operation of this Condition 6(b)(iii)); or
- (2) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Interest Rate (or the relevant component part thereof) for all future payments of interest on the Bonds (subject to the operation of this Condition 6(b)(iii)).

*(C) Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

*(D) Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 6(b)(iii) and the Independent Adviser determines (i) that amendments to these Conditions and/or the Bond Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 6(b)(iii)(E), without any requirement for the consent or approval of Bondholders or Couponholders, vary these Conditions and/or the Bond Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Bond Trustee, (the Calculation Agent (if applicable)) and the Agent Bank of a certificate signed by two Authorised Signatories of the Issuer pursuant to Condition 6(b)(iii)(E), the Bond Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Bondholders or Couponholders, be obliged to concur with the Issuer in using its reasonable endeavours to effect any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Bond Trust Deed), and the Bond Trustee shall not be liable to any party for any consequence thereof; notwithstanding the above, the Bond Trustee shall not be obliged so to concur if in the opinion of the Bond Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or protective provisions afforded to the Bond Trustee in these Conditions or the Bond Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) or any other documents to which it is party in any way and provided further that the Benchmark Amendments do not, without the prior agreement (such agreement not to be unreasonably withheld, conditioned or delayed) of each Paying Agent, the Agent Bank or the Calculation Agent, as applicable, have the effect of increasing the obligations, duties, responsibilities or liabilities or decreasing the rights or protections, of each Paying Agent, the Agent Bank or the Calculation Agent (as applicable) under these Conditions and/or the Agency Agreement.

In connection with any such variation in accordance with this Condition 6(b)(iii)(D), the Issuer shall comply with the rules of any stock exchange on which the Bonds are for the time being listed or admitted to trading.

(E) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 6(b)(iii) will be notified by no later than five Business Days prior to the relevant Interest Determination Date by the Issuer to the Bond Trustee, the Calculation Agent, the Agent Bank, the Paying Agents and, in accordance with Condition 17, the Bondholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Bond Trustee of the same, the Issuer shall deliver to the Bond Trustee, the Calculation Agent and the Agent Bank a certificate signed by two Authorised Signatories of the Issuer:

- (1) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 6(b)(iii); and
- (2) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Bond Trustee, the Calculation Agent, the Agent Bank and the Paying Agents shall be entitled to rely on such certificate absolutely (without enquiry or liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or

Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Bond Trustee's or the Calculation Agent's or the Agent Bank's or the Paying Agents' ability to rely on such certificate absolutely (without enquiry or liability to any person) as aforesaid) be binding on the Issuer, the Bond Trustee, the Calculation Agent, the Agent Bank, the Paying Agents and the Bondholders.

(F) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 6(b)(iii)(A), (B), (C) and (D), the Original Reference Rate and the fallback provisions provided for in Condition 6(b)(ii)(A), (D) and (E) will continue to apply unless and until the Issuer determines that a Benchmark Event has occurred.

(G) *Uncertainty*

Notwithstanding any other provision of this Condition 6(b)(iii), if in the Calculation Agent's or Agent Bank's (as applicable) opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 6(b)(iii), the Calculation Agent or the Agent Bank (as applicable) shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent or the Agent Bank (as applicable) in writing as to which alternative course of action to adopt. If the Calculation Agent or the Agent Bank (as applicable) is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent or the Agent Bank (as applicable) shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

(H) *Definitions*

As used in this Condition 6(b)(iii):

"Adjustment Spread" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (2) the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied);
- (3) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

"Alternative Rate" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 6(b)(iii)(B) is customarily applied in

international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Relevant Currency as the Bonds;

“Benchmark Amendments” has the meaning given to it in Condition 6(b)(iii)(D);

“Benchmark Event” means:

- (1) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (2) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (3) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (4) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Bonds; or
- (5) it has become unlawful for any Paying Agent, the Calculation Agent, the Agent Bank or the Issuer or to calculate any payments due to be made to any Bondholder using the Original Reference Rate; or
- (6) a public statement by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative of its relevant underlying market,

provided that in the case of sub-paragraphs (2), (3) and (4), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement;

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by, and at the expense of, the Issuer under Condition 6(b)(iii)(A);

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Interest Rate (or any component part thereof) on the Bonds;

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (2) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the

benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

“Successor Rate” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(iv) *Calculations*

The amount of interest payable in respect of any Floating Rate Bond for each Interest Period shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount specified by the Day Count Fraction (as defined in Condition 6(l) (*Definitions*)) and rounding the resultant figure to the nearest unit of the Relevant Currency (rounded in accordance with Condition 6(e) (*Rounding*)).

(c) *Interest on Dual Currency Bonds*

The rate or amount of interest payable in respect of Dual Currency Bonds (other than Dual Currency Bonds which are Zero Coupon Bonds) shall be determined in the manner specified in the applicable Final Terms.

(d) *Minimum Interest Rate and/or Maximum Interest Rate*

If any Maximum Interest Rate or Minimum Interest Rate is specified in the relevant Final Terms or Drawdown Prospectus, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified, as the case may be.

(e) *Rounding*

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified):

- (i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up);
- (ii) all figures will be rounded to seven significant figures (with halves being rounded up); and
- (iii) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes, “unit” means, with respect to any currency other than euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to euro, means 0.01 euro.

(f) *Business Day Convention*

If any date referred to in these Conditions or the relevant Final Terms or Drawdown Prospectus is specified to be subject to adjustment in accordance with a Business Day convention and (x) if there is no numerically corresponding day on the calendar month in which such date should occur or (y) such date would otherwise fall on a day which is not a Business Day (as defined in Condition 6(l) (*Definitions*)), then if the Business Day Convention specified in the relevant Final Terms or Drawdown Prospectus is:

- (i) the “**Following Business Day Convention**”, such date shall be postponed to the next day which is a Business Day;

- (ii) the “**Modified Following Business Day Convention**”, such 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 date shall be brought forward to the immediately preceding Business Day; or
- (iii) the “**Preceding Business Day Convention**”, such date shall be brought forward to the immediately preceding Business Day.

(g) *Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts*

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Agent Bank (or the Calculation Agent, if applicable) may be required to calculate any Redemption Amount or the amount of an instalment of scheduled principal (an “**Instalment Amount**”), obtain any quote or make any determination or calculation, the Agent Bank (or the Calculation Agent, if applicable) will determine the Interest Rate and calculate the Interest Amount for the relevant Interest Period (including, for the avoidance of doubt any applicable Index Ratio to be calculated in accordance with Condition 7(b) (*Application of the Index Ratio*), calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount, Principal Amount Outstanding or any Instalment Amount to be notified to, in the case of Bearer Bonds, the Paying Agents or in the case of Registered Bonds, the Registrar, and, in each case, the Bond Trustee, the Issuer, the Bondholders and Euronext Dublin and each other listing authority, stock exchange and/or quotation system by which the relevant Bonds have then been admitted to listing, trading and/or quotation) as soon as possible after its determination but in no event later than (i) (in case of notification to Euronext Dublin and each other listing authority, stock exchange and/or quotation system by which the relevant Bonds have then been admitted to listing, trading and/or quotation) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate and Interest Amount; or (ii) in all other cases, the fourth Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Sub-Class or Tranche of Bonds are for the time being listed or by which they have been admitted to listing and to the Bondholders in accordance with Condition 17 (*Notices*). If the Bonds become due and payable under Condition 11 (*Events of default*), the accrued interest and the Interest Rate payable in respect of the Bonds shall nevertheless continue to be calculated as previously provided in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made unless otherwise required by the Bond Trustee. If the Calculation Amount is less than the minimum Specified Denomination, the Agent Bank (or the Calculation Agent, if applicable) shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Bond having the minimum Specified Denomination. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Agent Bank (or the Calculation Agent, if applicable) or, as the case may be, the Bond Trustee pursuant to this Condition 6 or Condition 7 (*Indexation*), shall (in the absence of manifest error) be final and binding upon all parties.

(h) *Accrual of Interest*

Interest will cease to accrue on each Bond (or, in the case of the redemption of part only of a Bond, that part only of such Bond) on the due date for redemption unless, upon due presentation, payment of

principal is improperly withheld or refused, in which event interest will continue to accrue (both before and after judgment) at the Interest Rate in the manner provided in this Condition 6 to the Relevant Date (as defined in Condition 6(l) (*Definitions*)).

(i) *Deferral of interest on Class B Bonds*

This Condition 6(i) is applicable only in relation to Bonds which are specified as being Class B Bonds.

In the case of interest on Class B Bonds only, if, on any Interest Payment Date prior to the taking of Enforcement Action after the termination of a Standstill Period, there are insufficient funds available to the Issuer (after taking into account any amounts available to be drawn under any DSR Liquidity Facility or from the Debt Service Reserve Accounts) to pay such accrued interest, the Issuer's liability to pay such accrued interest will be treated as not having fallen due and will be deferred until the earliest of: (i) the next following Interest Payment Date on which the Issuer has, in accordance with the cash management provisions of Schedule 11 (*Cash Management*) of the CTA, sufficient funds available to pay such deferred amounts (including any interest accrued thereon); (ii) the date on which the Class A Debt has been paid in full; and (iii) an Acceleration of Liabilities (other than a Permitted Hedge Termination, a Permitted Lease Termination or a Permitted EIB Compulsory Prepayment Event) and in the case of a Permitted Share Pledge Acceleration only to the extent that there would be sufficient funds available in accordance with the Payment Priorities to pay such deferred interest (including any interest accrued thereon). Interest will accrue on such deferred interest at the rate otherwise payable on unpaid principal of such Class B Bonds.

(j) *Agent Bank, Calculation Agent and Reference Banks*

The Issuer will procure that there shall at all times be an Agent Bank (and a Calculation Agent, if applicable) and four Reference Banks selected by the Issuer acting through the Agent Bank (or the Calculation Agent, if applicable) with offices in the Relevant Financial Centre if provision is made for them in these Conditions applicable to this Bond and for so long as it is Outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer acting through the Agent Bank (or the Calculation Agent, if applicable) will select another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. If the Agent Bank (or the Calculation Agent, if applicable) is unable or unwilling to act as such or if the Agent Bank (or the Calculation Agent, if applicable) fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint (with the prior written consent of the Bond Trustee) a successor to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

(k) *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 Condition 6 (*Interest and other Calculations*) whether by the Principal Paying Agent, the Agent Bank (or the Calculation Agent, if applicable) or, if applicable, any calculation agent, shall (in the absence of wilful default, negligence, bad faith or manifest error) be binding on the Issuer, TWUL, TWH, the Agent Bank, the Bond Trustee, the Principal Paying Agent, the other Agents and all Bondholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, TWUL, TWH, the Bond Trustee, the Bondholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent, the Agent Bank or, if applicable, any calculation agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.



(l) *Definitions*

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

“Broken Amount” means the amount specified as such in the relevant Final Terms or Drawdown Prospectus;

“Business Day” means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in London and each (if any) additional city or cities specified in the relevant Final Terms or Drawdown Prospectus; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the principal financial centre of the Relevant Currency (which in the case of a payment in US dollars shall be New York) and in each (if any) additional city or cities specified in the relevant Final Terms or Drawdown Prospectus;

“Calculation Amount” has the meaning specified in the relevant Final Terms or Drawdown Prospectus;

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Bond for any period of time (whether or not constituting an Interest Period, the “**Calculation Period**”):

- (i) if “Actual/Actual (ICMA)” is specified:
  - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period; and (y) the number of Determination Periods normally ending in any year; and
  - (B) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period; and (2) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period; and (2) the number of Determination Periods normally ending in any year

where:

“Determination Period” means the period from and including a Determination Date in any year but excluding the next Determination Date; and

“Determination Date” means the date specified as such or, if none is so specified, the Interest Payment Date;

- (ii) if “Actual/Actual” or “Actual/Actual (ISDA)” is specified, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in

a leap year divided by 366; and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (iii) if “Actual/365 (Fixed)” is specified, the actual number of days in the Calculation Period divided by 365;
- (iv) if “Actual/360” is specified, the actual number of days in the Calculation Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31, in which case D2 will be 30;

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

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

“EURIBOR” means the rate for Euro deposits for such period as specified in the relevant Final Terms or Drawdown Prospectus and for each Interest Period thereafter, for Euro deposits for the relevant Interest Period as determined by reference to (1) the display page designated EURIBOR01 on the Dow Jones Reuters Service (or such other page as may replace that page on that service, or such other service as may be nominated by the Agent Bank as the information vendor, for the purpose of displaying comparable rates) on the Interest Determination Date or (2) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Issuer) as may replace the Dow Jones Reuters Monitor as at or about 11.00 a.m. (Brussels time);

“euro” means the lawful currency of the Participating Member States;

“Fixed Coupon Amount” means the amount specified as such in the relevant Final Terms or Drawdown Prospectus;

“Interest Amount” means:

- (i) in respect of a Fixed Interest Period, the amount of interest payable per Calculation Amount for that Fixed Interest Period and which, in the case of Fixed Rate Bonds, and unless otherwise specified, shall mean the Fixed Coupon Amount or Broken Amount specified as being payable on the Interest Payment Date at the end of the Interest Period of which such Fixed Interest Period forms part;
- (ii) in respect of an Interest Period, the amount of interest payable per Calculation Amount for that Interest Period; and

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

“Interest Commencement Date” means the Issue Date or such other date as may be specified in the relevant Final Terms or Drawdown Prospectus;

“Interest Determination Date” means, with respect to an Interest Rate and an Interest Period, the date specified as such in the relevant Final Terms or Drawdown Prospectus or, if none is so specified: (i) if the Reference Rate is not SONIA, the day falling two Business Days in London prior to the first day of such Interest Period (or if the Relevant Currency is sterling the first day of such Interest Period); or (ii) if the Reference Rate is SONIA, the day falling five Business Days in London prior to the Interest Payment Date for such Interest Period (in each case as adjusted in accordance with any Business Day Convention (as defined below) specified in the relevant Final Terms or Drawdown Prospectus);

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

“Interest Rate” means the rate of interest payable from time to time in respect of the Bonds and which is either specified as such in, or calculated in accordance with the provisions of, these Conditions and/or the relevant Final Terms or Drawdown Prospectus;

“ISDA Definitions” means the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of Bonds of the relevant Sub-Class as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Final Terms or Drawdown Prospectus, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of Bonds of the relevant Sub-Class (as specified in the relevant Final Terms or Drawdown Prospectus) as published by the International Swaps and Derivatives Association, Inc.);

“Issue Date” means the date specified as such in the relevant Final Terms or Drawdown Prospectus;

“LIBOR” means the rate for Sterling or U.S. dollar (as applicable) deposits for such period as specified in the relevant Final Terms or Drawdown Prospectus and for each Interest Period thereafter, for Sterling or U.S. dollar (as applicable) deposits for the relevant Interest Period as determined by reference to ICE Benchmark Administration Limited (or any other person who takes over the administration of this rate) LIBOR Rates display as quoted on the Bridge Reuters monitor as Reuters Screen LIBOR01 at 11.00 a.m. London time. If the Reuters Screen LIBOR01 stops providing these quotations, the replacement service for the purposes of displaying this information will be used. If the replacement service stops displaying the information, any page showing this information may be used. If there is more than one service displaying the information, the one approved in writing by the Issuer in its sole discretion will be used;

“Margin” means the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms or Drawdown Prospectus;

“Maturity Date” means the date specified in the relevant Final Terms or Drawdown Prospectus as the final date on which the principal amount of the Bond is due and payable;

“Maximum Interest Rate” means the rate specified as such in the relevant Final Terms or Drawdown Prospectus;

“Minimum Interest Rate” means the rate specified as such in the relevant Final Terms or Drawdown Prospectus;

“Page” means such page, section, caption, column or other part of a particular information service (including the Reuters Money 3000 Service (“**Reuters**”)) as may be specified in the relevant Final Terms or Drawdown Prospectus as a Relevant Screen Page, or such other page, section, caption, column or other part as may replace the same on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying comparable rates or prices;

“Participating Member State” means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty establishing the European Communities (as amended), and “Participating Member States” means all of them;

“Principal Amount Outstanding” means, in relation to a Bond, Sub-Class or Class, the original face value thereof (in relation to any Indexed Bonds, as adjusted in accordance with the Conditions) less any repayment of principal made to the Holder(s) thereof in respect of such Bond, Sub-Class or Class;

“Redemption Amount” means, the amount provided under Condition 8(b) (Optional Redemption), unless otherwise specified in the relevant Final Terms or Drawdown Prospectus;

“Reference Banks” means the institutions specified as such or, if none, four major banks selected by the Issuer in the interbank market (or, if appropriate, money market) which is most closely connected with the Relevant Rate as determined by the Issuer, in its sole and absolute discretion;

“Reference Rate” means the rate specified as such in the relevant Final Terms;

“Relevant Currency” means the currency specified as such or, if none is specified, the currency in which the Bonds are denominated;

“Relevant Date” means the earlier of (a) the date on which all amounts in respect of the Bonds have been paid, and (b) five days after the date on which all of the Principal Amount Outstanding (adjusted in the case of Indexed Bonds in accordance with Condition 7(b) (Application of Index Ratio)) has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Bondholders in accordance with Condition 17 (Notices);

“Relevant Financial Centre” means, with respect to any Bond, the financial centre specified as such in the relevant Final Terms or Drawdown Prospectus or, if none is so specified, the financial centre with which the Relevant Rate is most closely connected as determined by the Agent Bank (or the Calculation Agent, if applicable);

“Relevant Rate” means the offered rate for a Representative Amount of the Relevant Currency for a period (if applicable) equal to the Specified Duration (or such other rate as shall be specified in the relevant Final Terms or Drawdown Prospectus);

“Relevant Screen Page” means EURIBOR, LIBOR or such page, section, caption, column or other part of a particular information service as may be specified (or any successor or replacement page, section, caption, column or other part of a particular information service);

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or Drawdown Prospectus or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

“Representative Amount” means, with respect to any rate to be determined on an Interest Determination Date, the amount specified in the relevant Final Terms or Drawdown Prospectus as such or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time;

“Specified Denomination” means the denomination specified in the relevant Final Terms or Drawdown Prospectus;

“Specified Duration” means, with respect to any Floating Rate (as defined in the ISDA Definitions) to be determined on an Interest Determination Date, the period or duration specified as such in the relevant Final Terms or Drawdown Prospectus or, if none is specified, a period of time equal to the relative Interest Period;

“Specified Interest Payment Date” means the date(s) specified as such in the relevant Final Terms or Drawdown Prospectus.

“Specified Period” means the period(s) specified as such in the relevant Final Terms or Drawdown Prospectus;

“TARGET Settlement Day” means any day on which the TARGET system is open for the settlement of payments in euro; and

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

## 7 Indexation

This Condition 7 is applicable only if the relevant Final Terms or Drawdown Prospectus specifies the Bonds as Indexed Bonds.

### (a) Definitions

“affiliate” means in relation to any person, any entity controlled, directly or indirectly, by that person, any entity that controls directly or indirectly, that person or any entity, directly or indirectly under common control with that person and, for this purpose, “control” means control as defined in the Companies Act;

“Base Index Figure” means (subject to Condition 7(c)(i) (*Change in base*)) the base index figure as specified in the relevant Final Terms or Drawdown Prospectus;

“Calculation Date” means any date when a payment of interest or, as the case may be, principal falls due;

“Index” or “Index Figure” means, in relation to any relevant month (as defined in Condition 7(c)(ii) (*Delay in publication of Index*)), subject as provided in Condition 7(c)(i) (*Change in base*), (i) if RPI is specified in the relevant Final Terms, the UK Retail Price Index (RPI) (for all items) published by the Office for National Statistics (January 1987 = 100) or any comparable index which may replace the UK Retail Price Index for the purpose of calculating the amount payable on repayment of the Reference Gilt; (ii) if HICP is specified in the relevant Final Terms, the Harmonised Index of Consumer Prices for the Eurozone, excluding tobacco, non-revised, published by EUROSTAT and appearing on the AFT website (<http://www.aft.gouv.fr/>) or any comparable index which may replace the Harmonised Index of Consumer Prices for the Eurozone for the purpose of calculating the amount payable on repayment of the Reference Gilt; (iii) if CPI is specified in the relevant Final Terms, the UK Consumer Prices Index published by the Office for National Statistics (January 2015 = 100) or any comparable index which may replace the UK Consumer Prices Index for the purpose of calculating the amount payable on repayment of the Reference Gilt; or (iv) if CPIH is specified in the relevant Financial Terms, the UK Consumer Prices Index including Owner Occupiers’ Housing costs and Council Tax published by the Office for National Statistics (January 2015 = 100) or any comparable index which may replace the UK Consumer Prices Index including Owner Occupiers’ Housing costs and Council Tax for the purpose of calculating the amount payable on repayment of the Reference Gilt.

Any reference to the “Index Figure applicable” to a particular Calculation Date shall, subject as provided in Condition 7(c) (*Changes in Circumstances Affecting the Index*) and (e) (*Cessation of or Fundamental Changes to the Index*), and if “3 months lag” is specified in the relevant Final Terms or Drawdown Prospectus, be calculated in accordance with the following formula:

$$\text{IFA} = \text{RPI}_{m-3} + \frac{(\text{Day of Calculation Date} - 1)}{(\text{Days in month of Calculation Date})} \times (\text{RPI}_{m-2} - \text{RPI}_{m-3})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

“IFA” means the Index Figure applicable;

“RPI<sub>m-3</sub>” means the Index Figure for the first day of the month that is three months prior to the month in which the payment falls due;

“RPI<sub>m-2</sub>” means the Index Figure for the first day of the month that is two months prior to the month in which the payment falls due;

Any reference to the “Index Figure applicable” to a particular Calculation Date shall, subject as provided in Condition 7(b) (*Application of the Index Ratio*) below, and if “8 months lag” is specified in the relevant Final Terms or Drawdown Prospectus, be calculated in accordance with the following formula:

$$\text{IFA} = \text{RPI}_{m-8} + \frac{(\text{Day of Calculation Date} - 1)}{(\text{Days in month of Calculation Date})} \times (\text{RPI}_{m-7} - \text{RPI}_{m-8})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

“IFA” means the Index Figure applicable;

“RPI<sub>m-8</sub>” means the Index Figure for the first day of the month that is eight months prior to the month in which the payment falls due;

“RPI<sub>m-7</sub>” means the Index Figure for the first day of the month that is seven months prior to the month in which the payment falls due;

“Index Ratio” applicable to any Calculation Date means the Index Figure applicable to such date divided by the Base Index Figure;

“Limited Index Ratio” means (a) in respect of any month prior to the relevant Issue Date, the Index Ratio for that month; (b) in respect of any Limited Indexation Month after the relevant Issue Date, the product of the Limited Indexation Factor for that month and the Limited Index Ratio as previously calculated in respect of the month 12 months prior thereto; and (c) in respect of any other month, the Limited Index Ratio as previously calculated in respect of the most recent Limited Indexation Month;

“Limited Indexation Factor” means, in respect of a Limited Indexation Month, the ratio of the Index Figure applicable to that month divided by the Index Figure applicable to the month 12 months prior thereto, **provided that** (a) 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 (b) if such ratio is less than the Minimum Indexation Factor specified in the relevant Final Terms or Drawdown Prospectus, it shall be deemed to be equal to such Minimum Indexation Factor;

“Limited Indexation Month” means any month specified in the relevant Final Terms or Drawdown Prospectus for which a Limited Indexation Factor is to be calculated;

“Limited Indexed Bonds” means Indexed Bonds to which a Maximum Indexation Factor and/or a Minimum Indexation Factor (as specified in the relevant Final Terms or Drawdown Prospectus) applies;

“Maximum Indexation Factor” means the indexation factor specified as such in the relevant Final Terms or Drawdown Prospectus;

“Minimum Indexation Factor” means the indexation factor specified as such in the relevant Final Terms or Drawdown Prospectus; and

“Reference Gilt” means the Treasury Stock specified as such in the relevant Final Terms or Drawdown Prospectus for so long as such stock is in issue, and thereafter such issue of index-linked Treasury Stock determined to be appropriate by a gilt-edged market maker or other adviser selected by the Issuer and approved by the Bond Trustee (an “**Indexation Adviser**”).

(b) *Application of the Index Ratio*

Each payment of interest and principal in respect of the Bonds shall be the amount provided in, or determined in accordance with, these Conditions, multiplied by the Index Ratio or Limited Index Ratio in the case of Limited Indexed Bonds applicable to the month in which such payment falls to be made and rounded in accordance with Condition 6(e) (*Rounding*).

(c) *Changes in Circumstances Affecting the Index*

- (i) 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 calendar month from and including that in which such substitution takes effect (1) the definition of “Index” and “Index Figure” in Condition 7(a) (*Definitions*) shall be deemed to refer to the new date or month in substitution for January 1987 or January 2015, as applicable, (or, as the case may be, to such other date or month as may have been substituted therefor); and (2) the new Base Index Figure shall be the product of the existing Base Index Figure (being at the Initial Issue Date 178.2) and the Index Figure immediately following such substitution, divided by the Index Figure immediately prior to such substitution.
- (ii) Delay in publication of Index: If the Index Figure relating to any month (the “**relevant month**”) which is required to be taken account for the purposes of the determination of the Index Figure applicable for any date is not published on or before the 14th business day before the date on which any payment of interest or principal on the Bonds is due (the “**date for payment**”), the Index Figure relating to the relevant month shall be (1) such substitute index figure (if any) as the Bond Trustee considers to have been published by the Bank of England for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser (and approved by the Bond Trustee); or (2) 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 7(c)(i) (*Change in base*)) before the date for payment.

(d) *Application of Changes*

Where the provisions of Condition 7(c)(ii) (*Delay in publication of Index*) apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in which the date for payment falls shall be conclusive and binding. If, an Index Figure having been applied pursuant to Condition 7(c)(ii)(2) (*Delay in publication of Index*), the Index Figure relating to the relevant month is subsequently published while a Bond is still Outstanding, then:

- (i) in relation to a payment of principal or interest in respect of such Bond other than upon final redemption of such Bond, the principal or interest (as the case may be) next payable after the date



of such subsequent publication shall be increased or reduced by an amount equal to (respectively) the shortfall or excess of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of Condition 7(c)(ii)(2) (*Delay in publication of Index*), below or above 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

- (ii) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.

(e) *Cessation of or Fundamental Changes to the Index*

- (i) If (1) the Bond Trustee has been notified by the Agent Bank (or the Calculation Agent, if applicable) that the Index has ceased to be published; or (2) 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 the Bond Trustee acting solely on the advice of an Indexation Adviser, be materially prejudicial to the interests of the Bondholders, the Bond Trustee will give written notice of such occurrence to the Issuer, and the Issuer and the Bond Trustee together shall seek to agree for the purpose of the Bonds one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Bondholders in 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.
- (ii) If the Issuer and the Bond Trustee fail to reach agreement as mentioned above within 20 business days following the giving of notice as mentioned in paragraph (i), a bank or other person in London shall be appointed by the Issuer and the Bond Trustee or, failing agreement on and the making of such appointment within 20 business days following the expiry of the day period referred to above, by the Bond Trustee (in each case, such bank or other person so appointed being referred to as the “**Expert**”), to determine for the purpose of the Bonds one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Bondholders in 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. Any Expert so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Expert and of any Indexation Adviser and of any of the Issuer and the Bond Trustee in connection with such appointment shall be borne by the Issuer.
- (iii) The Index shall be adjusted or replaced by a substitute index as agreed by the Issuer and the Bond Trustee 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 Bond Trustee 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 Financial Guarantor(s), the other Secured Creditors, the Bond Trustee and the Bondholders, and the Issuer shall give notice to the Bondholders in accordance with Condition 17 (*Notices*) of such amendments as promptly as practicable following such notification.

## 8 Redemption, Purchase and Cancellation

### (a) *Partial and Final Redemption*

Unless previously redeemed, or purchased and cancelled as provided below, or unless such Bond is stated in the relevant Final Terms or Drawdown Prospectus as having no fixed maturity date, each Bond will be redeemed at its Principal Amount Outstanding (in the case of Indexed Bonds as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)), on the date or dates (or, in the case of Floating Rate Bonds, on the Interest Payment Date(s)) specified in the relevant Final Terms or Drawdown Prospectus plus accrued but unpaid interest (other than in the case of Zero Coupon Bonds) and, in the case of Indexed Bonds as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*).

In the case of principal on Class B Bonds only, if on any date, prior to the taking of Enforcement Action after the termination of a Standstill Period, on which such Bond is to be redeemed (in whole or in part) there are insufficient funds available to the Issuer to pay such principal, the Issuer's liability to pay such principal will be treated as not having fallen due and will be deferred until the earliest of (i) the next following Interest Payment Date on which the Issuer has, in accordance with the cash management provisions of Schedule 11 (*Cash Management*) of the CTA, sufficient funds to pay such deferred amounts (including any interest accrued thereon); (ii) the date on which all Class A Debt has been paid in full and (iii) an Acceleration of Liabilities (other than a Permitted Hedge Termination, a Permitted Lease Termination or a Permitted EIB Compulsory Prepayment Event) and in the case of a Permitted Share Pledge Acceleration only to the extent that there would be sufficient funds available in accordance with the Payment Priorities to pay such deferred principal (including any accrued interest thereon). Interest will accrue on such deferred principal at the rate otherwise payable on unpaid principal of such Class B Bonds.

### (b) *Optional Redemption*

Subject as provided below, if a Call Option is specified as applicable in the relevant Final Terms or Drawdown Prospectus, upon giving not more than 60 nor less than 30 days' notice to the Bond Trustee, the Security Trustee, the Majority Creditors and the Bondholders, the Issuer may (prior to the Maturity Date) redeem any Sub-Class of the Bonds in whole or in part (but on a pro rata basis only) on any Interest Payment Date at their Redemption Amount, **provided that** (i) Floating Rate Bonds may not be redeemed before the date specified in the relevant Final Terms or Drawdown Prospectus and (ii) if the term "Issuer Maturity Call" is also specified to be applicable in the applicable Final Terms, such redemption date falls prior to the start of the Issuer Maturity Call Period, as follows:

- (i) In respect of Fixed Rate Bonds, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Drawdown Prospectus, be an amount equal to the higher of (i) their Principal Amount Outstanding; and (ii) the price determined to be appropriate by a financial adviser in London (selected by the Issuer and approved by the Bond Trustee) as being the price at which the Gross Redemption Yield (as defined below) on such Bonds on the Reference Date (as defined below) is equal to the Gross Redemption Yield at 3:00 p.m. (London time) on the Reference Date on the Reference Gilt (as defined below) while that stock is in issue, and thereafter such Government stock (or such other stock as specified in the relevant Final Terms or Drawdown Prospectus for Bonds denominated in currencies other than Sterling) as the Issuer may, with the advice of three persons operating in the gilt-edged market (selected by the Issuer and approved by the Bond Trustee) determine to be appropriate, plus accrued but unpaid interest on the Principal Amount Outstanding.

For the purposes of this Condition 8(b)(i), “Gross Redemption Yield” means a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the United Kingdom Debt Management Office publication “Formulae for Calculating Gilt Prices from Yields” published 8 June 1998 with effect from 1 November 1998 and updated on 15 January 2002 (and as further updated, supplemented, amended or replaced from time to time) page 5 or any replacement therefor; “Reference Date” means the date which is two Business Days prior to the despatch of the notice of redemption under this Condition 8(b)(i); and “Reference Gilt” means the Treasury Stock specified in the relevant Final Terms or Drawdown Prospectus.

- (ii) In respect of Floating Rate Bonds, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Drawdown Prospectus, be the Principal Amount Outstanding plus any premium for early redemption in certain years (as specified in the relevant Final Terms or Drawdown Prospectus) plus any accrued but unpaid interest on the Principal Amount Outstanding.
- (iii) In respect of Indexed Bonds (other than where the Index is specified as CPI or CPIH in the relevant Final Terms or Drawdown Prospectus), the Redemption Amount will (unless otherwise specified in the relevant Final Terms or Drawdown Prospectus) be the higher of (i) the Principal Amount Outstanding; and (ii) the price determined to be appropriate (without any additional indexation beyond the implicit indexation in such determined price) by a financial adviser in London (selected by the Issuer and approved by the Bond Trustee) as being the price at which the Gross Real Redemption Yield (as defined below) on the Bonds on the Reference Date (as defined below) is equal to the Gross Real Redemption Yield at 3:00 p.m. (London time) on the Reference Date on the Reference Gilt while that stock is in issue, and thereafter such Government stock as the Issuer may, with the advice of three persons operating in the gilt-edged market, (selected by the Issuer and approved by the Bond Trustee), determine to be appropriate, plus accrued but unpaid interest (as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)) on the Principal Amount Outstanding.

In respect of Indexed Bonds where the Index is specified as CPI or CPIH in the relevant Final Terms or Drawdown Prospectus, the Redemption Amount will (unless otherwise specified in the relevant Final Terms or Drawdown Prospectus) be the higher of: (i) the Principal Amount Outstanding; and (ii) the sum of: (A) the price determined to be appropriate (without any additional indexation beyond the implicit indexation in such determined price) by a financial adviser in London (selected by the Issuer and approved by the Bond Trustee) as being the price at which the Gross Real Redemption Yield (as defined below) on the Bonds on the Reference Date (as defined below) is equal to the Gross Real Redemption Yield at 3:00 p.m. (London time) on the Reference Date on the Reference Gilt while that stock is in issue, and thereafter such Government stock as the Issuer may, with the advice of three persons operating in the gilt-edged market, (selected by the Issuer and approved by the Bond Trustee), determine to be appropriate, (B) accrued but unpaid interest (as adjusted in accordance with Condition 7(b) (*Application of the Index Ratio*)) on the Principal Amount Outstanding, and (C) such rate as may be specified in the relevant Final Terms of Drawdown Prospectus.

For the purposes of this Condition 8(b)(iii), “Gross Real Redemption Yield” means a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the United Kingdom Debt Management Office publication “Formulae for Calculating Gilt Prices from Yields” published 8 June 1998 with effect from 1 November 1998 and updated on 15 January 2002, page 4 or any replacement therefor, “Reference Date” means the date which is two Business Days prior to the despatch of the notice of redemption under Condition 8(b)(iii);

and “Reference Gilt” means the Treasury Stock specified in the relevant Final Terms or Drawdown Prospectus.

In any such case, prior to giving any such notice, the Issuer must certify (as further specified in the Finance Documents) to the Bond Trustee that it will have the funds, not subject to any interest (other than under the Security) of any other person, required to redeem the Bonds as aforesaid.

(c) *Redemption for Index Event, Taxation or Other Reasons*

Redemption for Index Events: Upon the occurrence of any Index Event (as defined below), the Issuer may, upon giving not more than 60 nor less than 30 days’ notice to the Bond Trustee, the Security Trustee, the Majority Creditors and the holders of the Indexed Bonds in accordance with Condition 17 (*Notices*), redeem all (but not some only) of the Indexed Bonds of all Sub-Classes on any Interest Payment Date at the Principal Amount Outstanding (adjusted in accordance with Condition 7(b) (*Application of Index Ratio*)) plus accrued but unpaid interest. No single Sub-Class of Indexed Bonds may be redeemed in these circumstances unless all the other Classes and Sub-Classes of Indexed Bonds are also redeemed at the same time and the Issuer has discharged all amounts due and payable to any Financial Guarantor that has issued a Financial Guarantee in respect of such Class or Sub-Class of Indexed Bonds. Before giving any such notice, the Issuer shall provide to the Bond Trustee, the Security Trustee, the Majority Creditors and the relevant Financial Guarantor(s) a certificate signed by an Authorised Signatory (a) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (b) confirming that the Issuer will have sufficient funds on such Interest Payment Date to effect such redemption and payment to the relevant Financial Guarantor(s), and the Bond Trustee and the Security Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Bondholders and the Couponholders.

“Index Event” means (i) if the Index Figure for three consecutive months falls to be determined on the basis of an Index Figure previously published as provided in Condition 7(c)(ii) (*Delay in publication of Index*) and the Bond Trustee has been notified by the Principal Paying 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 Reference Gilt, and (in either case) no amendment or substitution of the Index has been advised by the Indexation Adviser to the Issuer and such circumstances are continuing.

Redemption for Taxation Reasons: In addition, if at any time the Issuer satisfies the Bond Trustee that the Issuer would, on the next Interest Payment Date, become obliged to deduct or withhold from any payment of interest or principal in respect of the Bonds (other than in respect of default interest) any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political subdivision thereof, or any other authority thereof, then the Issuer may, in order to avoid the relevant deductions or withholding, use its reasonable endeavours to arrange the substitution of a company incorporated under another jurisdiction approved by the Bond Trustee as principal debtor under the Bonds and as lender under the Issuer/TWUL Loan Agreements and as obligor under the Finance Documents upon satisfying the conditions for substitution of the Issuer as set out in the STID (and referred to in Condition 15 (*Meetings of Bondholders, Modification, Waiver and Substitution*)). If the Issuer is unable to arrange a substitution as described above having used reasonable endeavours to do so and, as a result, the relevant deduction or withholding is continuing then the Issuer may (but will not be obliged to), upon giving not more than 60 nor less than 30 days’ notice to the Bond Trustee, the Security Trustee, the Majority Creditors and the Bondholders in accordance with Condition 17 (*Notices*), redeem all (but not some only) of the Bonds on any Interest Payment Date at their Principal Amount Outstanding

plus accrued but unpaid interest thereon (each adjusted, in the case of Indexed Bonds, in accordance with Condition 7(b) (*Application of the Index Ratio*)). Before giving any such notice of redemption, the Issuer shall provide to the Bond Trustee, the Security Trustee and the Majority Creditors and the relevant Financial Guarantors a certificate signed by an Authorised Signatory (a) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and (b) confirming that the Issuer will have sufficient funds on such Interest Payment Date to discharge all its liabilities in respect of the Bonds and any amounts under the Security Agreement to be paid in priority to, or *pari passu* with, the Bonds under the Payment Priorities, and the Bond Trustee and the Security Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Bondholders and the Couponholders.

(d) *Redemption on Prepayment of Issuer/TWUL Loan Agreements*

If TWUL gives notice to the Issuer under an Issuer/TWUL Loan Agreement that it intends to prepay all or part of any advance made under such Issuer/TWUL Loan Agreement and such advance was funded by the Issuer from the proceeds of the issue of a Sub-Class of Bonds, the Issuer shall, upon giving not more than 60 nor less than 30 days' notice to the Bond Trustee, the Security Trustee, the Majority Creditors, the relevant Financial Guarantors and the Bondholders in accordance with Condition 17 (*Notices*), (where such advance is being prepaid in whole) redeem all of the Bonds of that Sub-Class or (where part only of such advance is being prepaid) the proportion of the relevant Sub-Class of Bonds which the proposed prepayment amount bears to the amount of the relevant advance. In the case of a voluntary prepayment, the relevant Bonds will be redeemed at their Redemption Amount determined in accordance with Condition 8(b) (*Optional Redemption*) except that, in the case of Fixed Rate Bonds and Indexed Bonds, for the purposes of this Condition 8(d), "Reference Date" means the date two Business Days prior to the despatch of the notice of redemption given under this Condition 8(d), plus accrued but unpaid interest and, in the case of any other prepayment, the relevant Bonds will be redeemed at their Principal Amount Outstanding plus accrued but unpaid interest.

(e) *Early redemption of Zero Coupon Bonds*

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Bond at any time before the Maturity Date shall be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Bond becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition (e) or, if none is so specified, a Day Count Fraction of 30/360.

In these Conditions, "Accrual Yield" and "Reference Price" and "Zero Coupon Bond" have the meanings given to them in the relevant Final Terms.

(f) *Purchase of Bonds*

The Issuer may, provided that no Event of Default has occurred and is continuing, purchase Bonds (provided that all unmatured Receipts and Coupons and unexchanged Talons (if any) appertaining

thereto are attached or surrendered therewith) in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

If not all the Bonds which are in registered form are to be purchased, upon surrender of the existing Individual Bond Certificate, the Registrar shall forthwith upon the written request of the Bondholder concerned issue a new Individual Bond Certificate in respect of the Bonds which are not to be purchased and despatch such Individual Bond Certificate to the Bondholder (at the risk of the Bondholder and to such address as the Bondholder may specify in such request).

While the Bonds are represented by a Global Bond or Global Bond Certificate (as defined below), the relevant Global Bond or Global Bond Certificate will be endorsed to reflect the Principal Amount Outstanding of Bonds to be so redeemed or purchased.

(g) *Redemption by Instalments*

Unless previously redeemed, purchased and cancelled as provided in this Condition 8, each Bond which provides for Instalment Dates (as specified in the relevant Final Terms or Drawdown Prospectus) and Instalment Amounts (as specified in the relevant Final Terms or Drawdown Prospectus) will be partially redeemed on each Instalment Date at the Instalment Amount.

(h) *Cancellation*

In respect of all Bonds purchased by or on behalf of the Issuer, the Bearer Bonds or the Registered Bonds shall be surrendered to or to the order of the Principal Paying Agent or the Registrar, as the case may be, for cancellation and, if so surrendered, will, together with all Bonds redeemed by the Issuer, be cancelled forthwith (together with, in the case of Bearer Bonds, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Bonds so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

(i) *Instalments*

Instalment Bonds will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Redemption Amount will be determined pursuant to Condition 8(b) (*Optional Redemption*) above.

(j) *Redemption at the Option of the Issuer (Issuer Maturity Call)*

If the term "Issuer Maturity Call" is specified in the applicable Final Terms, the Issuer may, having given not more than 30 nor less than 15 days' notice to the Bond Trustee, the Security Trustee, the Majority Creditors and the Bondholders (or such other notice period as may be specified in the applicable Final Terms), which notices to the Bond Trustee, the Security Trustee, the Majority Creditors and the Bondholders only shall be irrevocable and shall specify the date fixed for redemption, redeem any Sub-Class of the Bonds in whole or in part (but on a pro rata basis only) then outstanding at any time during the Issuer Maturity Call Period at the Final Redemption Amount specified in the applicable Final Terms, together (if appropriate) with interest accrued (but unpaid) to (but excluding) the date fixed for redemption.

For the purposes of these Conditions, "Issuer Maturity Call Period" has the meaning given to it in the applicable Final Terms.

## 9 Payments

### (a) *Bearer Bonds*

Payments to the Bondholders of principal (or, as the case may be, Redemption Amounts or other amounts payable on redemption) and interest (or, as the case may be, Interest Amounts) in respect of Bearer Bonds will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payment of Instalment Amounts other than on the due date for final redemption and provided that the Receipt is presented for payment together with its relative Bond), Bonds (in the case of all other payments of principal and, in the case of interest, as specified in Condition 9(f) (*Unmatured Coupons and Receipts and Unexchanged Talons*)) or Coupons (in the case of interest, save as specified in Condition 9(f) (*Unmatured Coupons and Receipts and Unexchanged Talons*)), as the case may be, at the specified office of any Paying Agent outside the United States of America by transfer, other than in the case of Bearer Bonds denominated in U.S. Dollars, to an account denominated in the currency in which such payment is due with, or (in the case of Bonds in definitive form only) a cheque payable in that currency drawn on, a bank in (i) the principal financial centre of that currency provided that such currency is not euro, or (ii) the principal financial centre of any Participating Member State if that currency is euro.

### (b) *Registered Bonds*

Payments of principal (or, as the case may be, Redemption Amounts) in respect of Registered Bonds will be made to the holder (or the first named of joint holders) of such Bond against presentation and surrender of the relevant Registered Bond at the specified office of the Registrar and in the manner provided in Condition 9(a) (*Bearer Bonds*).

Payments of instalments in respect of Registered Bonds will be made to the holder (or the first named of joint holders) of such Bond against presentation of the relevant Registered Bond at the specified office of the Registrar in the manner provided in Condition 9(a) (*Bearer Bonds*) above and annotation of such payment on the Register and the relevant Bond Certificate.

Interest (or, as the case may be, Interest Amounts) on Registered Bonds payable on any Interest Payment Date will be paid to the holder (or the first named of joint holders) on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payment of interest or Interest Amounts on each Registered Bond will be made in the currency in which such payment is due by cheque drawn on a bank in (a) the principal financial centre of the country of the currency concerned, provided that such currency is not euro, or (b) the principal financial centre of any Participating Member State if that currency is euro and mailed to the holder (or to the first named of joint holders) of such Bond at its address appearing in the Register. Upon application by the Bondholder to the specified office of the Registrar before the relevant Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in (a) the principal financial centre of the country of that currency provided that such currency is not euro, or (b) the principal financial centre of any Participating Member State if that currency is euro.

A record of each payment so made will be endorsed on the schedule to the Global Bond or the Global Bond Certificate by or on behalf of the Principal Paying Agent or the Registrar, as the case may be, which endorsement shall be *prima facie* evidence that such payment has been made.

(c) *Payments in the United States of America*

Notwithstanding the foregoing, if any Bearer Bonds are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if:

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

(d) *Payments subject to fiscal laws; payments on Global Bonds and Registered Bonds*

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 10 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 10 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

The holder of a Global Bond or Global Bond Certificate shall be the only person entitled to receive payments of principal (or Redemption Amounts) and interest (or Interest Amounts) on the Global Bond or Global Bond Certificate (as the case may be) and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Bond or Global Bond Certificate in respect of each amount paid.

(e) *Appointment of the Agents*

The Paying Agents, the Agent Bank, the Transfer Agents and the Registrar (the “**Agents**”) appointed by the Issuer (and their respective specified offices) are listed in the Agency Agreement. Any Calculation Agent will be listed in the relevant Final Terms or Drawdown Prospectus and will be appointed pursuant to a Calculation Agency Agreement. The Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right, with the prior written consent of the Bond Trustee at any time to vary or terminate the appointment of any Agent, and to appoint additional or other Agents, **provided that** the Issuer will at all times maintain (i) a Principal Paying Agent (in the case of Bearer Bonds); (ii) a Registrar (in the case of Registered Bonds); (iii) an Agent Bank or Calculation Agent (as specified in the relevant Final Terms or Drawdown Prospectus) (in the case of Floating Rate Bonds or Indexed Bonds); and (iv) if and for so long as the Bonds are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent, Transfer Agent or Registrar in any particular place, a Paying Agent, Transfer Agent and/or Registrar, as applicable, having its specified office in the place required by such listing authority, stock exchange and/or quotation system. Notice of any such variation, termination or appointment will be given in accordance with Condition 17 (*Notices*).

(f) *Unmatured Coupons and Receipts and Unexchanged Talons*

- (i) Subject to the provisions of the relevant Final Terms or Drawdown Prospectus, upon the due date for redemption of any Bond which is a Bearer Bond (other than a Fixed Rate Bond, unless it has



all unmatured Coupons attached), unmatured Coupons and Receipts relating to such Bond (whether or not attached) shall become void and no payment shall be made in respect of them.

- (ii) Upon the date for redemption of any Bond, any unmatured Talon relating to such Bond (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iii) Upon the due date for redemption of any Bond which is redeemable in instalments, all Receipts relating to such Bond having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iv) Where any Bond, which is a Bearer Bond and is a Fixed Rate Bond, is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, a sum equal to the aggregate amount of the missing unmatured Coupons will be deducted from the amount of principal due for payment and, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Bond is not an Interest Payment Date, interest accrued from the preceding Interest Payment Date or the Interest Commencement Date, as the case may be, or the Interest Amount payable on such date for redemption shall only be payable against presentation (and surrender if appropriate) of the relevant Bond and Coupon.

(g) *Non-Business Days*

Subject as provided in the relevant Final Terms or Drawdown Prospectus, if any date for payment in respect of any Bond, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks are open for presentation and payment of debt securities and for dealings in foreign currency in the relevant place of presentation and (in the case of a payment in a currency other than euro), where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which dealings may be carried on in the relevant currency in the principal financial centre of the country of such currency and, in relation to any sum payable in euro, a day on which the TARGET System is open.

(h) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a coupon sheet issued in respect of any Bond, the Talon forming part of such coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further coupon sheet (and if necessary another Talon for a further coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 13 (*Prescription*)).

## 10 Taxation

All payments in respect of the Bonds, Receipts or Coupons will be made (whether by the Issuer, the Guarantors, any Paying Agent, the Registrar, the Bond Trustee, the Security Trustee or, in respect of Wrapped Bonds, the Financial Guarantors) without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer, the Guarantors, any Paying Agent or the Registrar or, where applicable, the Bond Trustee, the Security Trustee or the Financial Guarantor is required by applicable law to make any payment in respect of the Bonds, Receipts or Coupons subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In that event, the Issuer, the Guarantors, such Paying Agent, the Registrar, the Bond Trustee, the

Security Trustee or the Financial Guarantor, as the case may be, shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. None of the Issuer, the Guarantors, any Paying Agent, the Registrar, the Bond Trustee, the Security Trustee or the Financial Guarantor will be obliged to make any additional payments to the Bondholders, Receipholders or the Couponholders in respect of such withholding or deduction. The Issuer, the Guarantors, any Paying Agent, the Registrar, the Bond Trustee, the Security Trustee or the Financial Guarantor may require holders to provide such certifications and other documents as required by applicable law in order to qualify for exemptions from applicable tax laws.

For the avoidance of doubt, any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) shall be treated as a withholding required by applicable law.

If the Issuer is obliged to make any such deduction or withholding, the amount so deducted or withheld is not guaranteed by the Financial Guarantor.

## **11 Events of default**

The Events of Default (as defined in the Master Definitions Agreement) relating to the Bonds are set out in Schedule 6 of the CTA.

Following the notification of an Event of Default in respect of the Issuer, the STID provides for a Standstill Period (as defined in the Master Definitions Agreement) to commence and for restrictions to apply to all Secured Creditors of TWUL. The CTA also contains various Trigger Events that will, if they occur, (among other things) permit the Majority Creditors to commission an Independent Review, require TWUL to discuss its plans for appropriate remedial action and prevent the TWU Financing Group from making further Restricted Payments until the relevant Trigger Events have been remedied.

### *(a) Events of Default*

If any Event of Default occurs and is continuing in relation to the Issuer, subject always to the terms of the STID, the Bond Trustee may at any time (in accordance with the provisions of the Bond Trust Deed and the STID), having certified in writing that, in its opinion, the occurrence of such event is materially prejudicial to the interests of the Bondholders and shall upon the Bond Trustee being so directed or requested (i) by an Extraordinary Resolution (as defined in the Bond Trust Deed) of holders of the relevant Sub-Classes of Class A Bonds or, if there are no Class A Bonds outstanding, the Class B Bonds or (ii) in writing by holders of at least one quarter in outstanding nominal amount of the relevant Sub-Class of Class A Bonds, or if there are no Class A Bonds outstanding, the Class B Bonds and subject, in each case, to being indemnified and/or secured and/or pre-funded to its satisfaction, give notice to the Issuer and the Security Trustee that the Bonds of the relevant Sub-Class are, and they shall immediately become, due and repayable, at their respective Redemption Amounts determined in accordance with Condition 8(b) (*Optional Redemption*) (except that, in the case of Fixed Rate Bonds and Indexed Bonds for the purposes of this Condition 11(a), the “Reference Date” means the date two Business Days prior to the despatch of the notice of redemption given under this Condition 11(a)) or as specified in the applicable Final Terms or Drawdown Prospectus.

(b) *Confirmation of no Event of Default*

The Issuer, pursuant to the terms of the CTA, shall provide written confirmation to the Bond Trustee, on an annual basis, that no Event of Default has occurred in relation to the Issuer.

(c) *Enforcement of Security*

If the Bond Trustee gives written notice to the Issuer and the Security Trustee that an Event of Default has occurred under the Bonds of any Sub-Class, a Standstill Period shall commence. The Security Trustee may only enforce the Security acting in accordance with the STID and, subject to certain limitations on enforcement during a Standstill Period, on the instructions of the Majority Creditors.

(d) *Automatic Acceleration*

In the event of the acceleration of the Secured Liabilities (other than a Permitted Share Pledge Acceleration, a Permitted Hedge Termination, a Permitted Lease Termination or a Permitted EIB Compulsory Prepayment Event (as defined in the Master Definitions Agreement) as set out in the STID), the Bonds of each Series shall automatically become due and repayable at their respective Redemption Amounts determined in accordance with Condition 8(b) (*Optional Redemption*) (except that, in the case of Fixed Rate Bonds and Indexed Bonds for the purposes of this Condition 11(d), “Reference Date” means the date two Business Days prior to the date of such acceleration) or as specified in the applicable Final Terms or Drawdown Prospectus plus, in each case, accrued and unpaid interest thereon.

## **12 Enforcement Against Issuer**

No Bondholder or Couponholder is entitled to take any action against the Issuer or, in the case of the holders of Wrapped Bonds, against the Financial Guarantor or against any assets of the Issuer or any Financial Guarantor to enforce its rights in respect of the Bonds or to enforce any of the Security or to enforce any Financial Guarantee unless the Bond Trustee or the Security Trustee (as applicable), having become bound so to proceed, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. The Security Trustee will act (subject to Condition 11(c) (*Enforcement of Security*)) on the instructions of the Majority Creditors pursuant to the STID, and neither the Bond Trustee nor the Security Trustee shall be bound to take any such action unless it is indemnified and/or secured and/or pre-funded to its satisfaction against all fees, costs, expenses, liabilities, claims and demands to which it may thereby become liable or which it may incur by so doing.

Neither the Bond Trustee nor the Bondholders may institute against, or join any person in instituting against, the Issuer any bankruptcy, winding up, re-organisation, arrangement, insolvency or liquidation proceeding (except for the appointment of a receiver and manager pursuant to the terms of the Security Agreement and subject to the STID) or other proceeding under any similar law for so long as any Bonds are Outstanding or for two years and a day after the latest Maturity Date on which any Bond of any Series is due to mature.

## **13 Prescription**

Claims against the Issuer for payment in respect of the Bonds, Receipts or Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date) in respect thereof.

## 14 Replacement of Bonds, Coupons, Receipts and Talons

If any Bearer Bond, Registered Bond, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced (subject to applicable laws and requirements of Euronext Dublin), if the relevant Bonds have been admitted to listing, trading and/or quotation on such a stock exchange), at the specified office of the Principal Paying Agent or, as the case may be, the Registrar upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require. Mutilated or defaced Bonds, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## 15 Meetings of Bondholders, Modification, Waiver and Substitution

### (a) *Decisions of Majority Creditors*

The STID contains provisions dealing with the manner in which matters affecting the interests of the Secured Creditors (including the Bond Trustee and the Bondholders) will be dealt with. Bondholders will (subject to various Reserved Matters and Entrenched Rights) be bound by the decisions of the Majority Creditors (and additionally in a Default Situation (as defined in the Master Definitions Agreement) decisions made pursuant to the Emergency Instruction Procedure (as set out in Clause 9.13 (*Emergency Instruction Procedure*) of the STID)).

In the circumstances which do not relate to Entrenched Rights or Reserved Matters of the Bondholders (as set out in the STID), the Bond Trustee shall be entitled to vote as the DIG Representative of holders of each Sub-Class of Wrapped Bonds (following the occurrence of an FG Event of Default in respect of the Financial Guarantor of those Wrapped Bonds which is continuing) and of each Sub-Class of Unwrapped Bonds (other than Class A FG Covered Bonds (unless a Default Situation is subsisting)) on intercreditor issues (“**Intercreditor Issues**”) but shall not be entitled to convene a meeting of any one or more Sub-Class of Bondholders to consider the relevant matter unless a Default Situation is subsisting. If a Default Situation has occurred and is subsisting, the Bond Trustee may vote on Intercreditor Issues in its absolute discretion or shall vote in accordance with a direction by those holders of such outstanding Class A Bonds (including Class A FG Covered Bonds) or, if there are no Class A Bonds outstanding, Class B Bonds (i) by means of an Extraordinary Resolution of the relevant Sub-Class of Bonds; or (ii) (in respect of a DIG Proposal to terminate a Standstill) as requested in writing by the holders of at least one quarter of the Principal Amount Outstanding of the relevant Sub-Class of Class A Bonds (including Class A FG Covered Bonds) then outstanding, or if there are no Class A Bonds outstanding, Class B Bonds. In any case, the Bond Trustee shall not be obliged to vote unless it has been indemnified and/or secured and/or pre-funded to its satisfaction.

Whilst a Default Situation is subsisting, certain decisions and instructions may be required in a timeframe which does not allow the Bond Trustee to convene Bondholder meetings. To cater for such circumstances, the STID provides for an Emergency Instruction Procedure. The Security Trustee will be required to act upon instructions contained in an emergency notice (an “**Emergency Instruction Notice**”). An Emergency Instruction Notice must be signed by DIG Representatives (provided that, any Secondary Market Guarantor in respect of Class A FG Covered Bonds shall constitute the DIG Representatives for the Emergency Instruction Procedure despite a Default Situation subsisting) (the “**EIN Signatories**”) representing  $66\frac{2}{3}$  per cent. or more of the aggregate Outstanding Principal Amount of the Qualifying Class A Debt or following repayment in full of the Class A Debt, the Class B Debt after, *inter alia*, excluding the proportion of Qualifying Debt in respect of which the Bond Trustee is the DIG Representative and in respect of which the Bond Trustee has not voted. The Emergency Instruction Notice must specify the emergency action which the Security Trustee is being instructed to

take and must certify that, unless such action is taken within the time frame specified in the Emergency Instruction Notice, the interests of the EIN Signatories will be materially prejudiced.

(b) *Meetings of Bondholders*

The Bond Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the modification of the Bonds, the Receipts, the Coupons or any of the provisions of the Bond Trust Deed, (in the case of Class A Wrapped Bonds and Class B Wrapped Bonds) the Financial Guarantees and any other Finance Document to which the Bond Trustee is a party (subject to the terms of the STID). Any modification may (except in relation to any Entrenched Right or Reserved Matter of the Bond Trustee (as set out in the STID) subject to the terms of the STID including, in the case of any of the Class A Wrapped Bonds or Class B Wrapped Bonds, to Entrenched Rights or Reserved Matters of any Financial Guarantor (as set out in the STID) and subject to the provisions concerning ratification and/or meetings of particular combinations of Sub-Classes of Bonds as set out in Condition 16(b) (*Exercise of rights by Bond Trustee*) and the Bond Trust Deed), be made if sanctioned by a resolution passed at a meeting of such Bondholders duly convened and held in accordance with the Bond Trust Deed by a majority of not less than three-quarters of the votes cast (an “**Extraordinary Resolution**”) at such meeting. Such a meeting may be convened by the Bond Trustee or the Issuer, and shall be convened by the Issuer upon the request in writing of the relevant Bondholders holding not less than one-tenth in nominal amount of the relevant Bonds for the time being Outstanding.

The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. in nominal amount of the relevant Bonds for the time being Outstanding or, at any adjourned meeting, one or more persons being or representing Bondholders, whatever the nominal amount of the relevant Bonds held or represented, provided however, that certain matters as set out in paragraph 5 of the Fourth Schedule to the Bond Trust Deed (the “**Basic Terms Modifications**”) in respect of the holders of any particular Sub-Class of Bonds may be sanctioned only by an Extraordinary Resolution passed at a meeting of Bondholders of the relevant Sub-Class of Bonds at which one or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one-quarter in nominal amount of the Outstanding Bonds form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the relevant Bondholders, Receiptholders and Couponholders whether present or not.

In addition, a resolution in writing signed by or on behalf of all Bondholders who for the time being are entitled to receive notice of a meeting of Bondholders under the Bond Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(c) *Modification, consent and waiver*

As more fully set out in the Bond Trust Deed (and subject to the conditions and qualifications therein), the Bond Trustee may, without the consent of the Bondholders of any Sub-Class, concur with the Issuer or any other relevant parties in making (i) any modification of these Conditions, the Bond Trust Deed, any Financial Guarantee or any Finance Document which is of a formal, minor or technical nature or to correct a manifest error or error which is, in the opinion of the Bond Trustee, proven; and (ii) (except as mentioned in the Bond Trust Deed and subject to the terms of the STID) any other modification and granting any consent under or waiver or authorisation of any breach or proposed breach of these Conditions, the Bond Trust Deed, such Financial Guarantee or any such Finance Document or other document which is, in the opinion of the Bond Trustee, not materially prejudicial to the interests of the Bondholders of that Sub-Class. The Bond Trustee shall, at the request of the Issuer, without the consent or sanction of the Bondholders of any Sub-Class, agree to such amendments to the Bond Trust Deed or

these Conditions as may be required by the Issuer to transfer the listing of any Sub-Class of Bonds between Euronext Dublin and the London Stock Exchange, provided that (i) the Bond Trustee has received a certificate signed by two directors of the Issuer certifying that (a) such amendments do not constitute Basic Terms Modifications and (b) such amendments are required to effect such transfer and are only intended to give effect to such transfer (upon which certificate the Bond Trustee shall be entitled to rely without further enquiry or liability to any person) and (ii) such amendments do not require the Bond Trustee to undertake any more onerous duties or responsibilities or impose on the Bond Trustee any additional liabilities beyond those set out in the Bond Trust Deed. In addition, the Bond Trustee shall be obliged to concur with the Issuer in using its reasonable endeavours to effect any Benchmark Amendments in the circumstances and as otherwise set out in Condition 6(b)(iii)(D) without the consent or approval of the Bondholders or the Couponholders. Any such modification, consent, waiver or authorisation shall be binding on the Bondholders of that Sub-Class, and the holders of all relevant Receipts and Coupons and, if the Bond Trustee so requires, notice thereof shall be given by the Issuer to the Bondholders of that Sub-Class as soon as practicable thereafter.

The Bond Trustee shall be entitled to assume that any such modification, consent, waiver or authorisation is not materially prejudicial to the Bondholders if the Rating Agencies confirm that there will not be any adverse effect thereof on the original issue ratings of the Bonds.

(d) *Substitution of the Issuer*

As more fully set forth in the STID and the Bond Trust Deed (and subject to the conditions and qualifications therein), the Bond Trustee shall, if requested by the Issuer, agree with the Issuer, without reference to the Bondholders, to the substitution of another corporation in place of the Issuer as principal debtor in respect of the Bond Trust Deed and the Bonds of all Series and subject to the Wrapped Bonds continuing to be subject to a Financial Guarantee of the relevant Financial Guarantor.

(e) *Benchmark Amendments*

For the avoidance of doubt, the requirements set out in this Condition 15 do not apply to amendments to the Conditions and/or the Bond Trust Deed that are made pursuant to Condition 6(b)(iii)(D).

## **16 Bond Trustee Protections**

(a) *Trustee considerations*

Subject to the terms of the STID and Condition 16(b) (*Exercise of rights by Bond Trustee*), in connection with the exercise, under these Conditions, the Bond Trust Deed, any Financial Guarantee or any Finance Document, of its rights, powers, trusts, authorities and discretions (including any modification, consent, waiver or authorisation), the Bond Trustee shall have regard to the interests of the holders of the Bonds provided that, if the Bond Trustee considers, in its sole opinion, that there is a conflict of interest between the interests of the holders of the Class A Bonds and the interests of the holders of the Class B Bonds, the Bond Trustee shall give priority to the interests of the holders of the Class A Bonds whose interests shall prevail. Where, in the sole opinion of the Bond Trustee, there is a conflict between holders of two or more Sub-Classes of Bonds of the same Class, it shall consider the interests of the holders of the Sub-Class of Bonds with the shortest dated maturity and, in either case, will not have regard to the consequences of such exercise for the holders of other Sub-Classes of Bonds or for individual Bondholders, resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. The Bond Trustee shall not be entitled to require from the Issuer or any Financial Guarantor, nor shall any Bondholders be entitled to claim from

the Issuer, any Financial Guarantor or the Bond Trustee, any indemnification or other payment in respect of any consequence (including any tax consequence) for individual Bondholders of any such exercise.

(b) *Exercise of rights by Bond Trustee*

Except as otherwise provided in these Conditions and the Bond Trust Deed, when exercising any rights, powers, trusts, authorities and discretions relating to or contained in these Conditions or the Bond Trust Deed (other than in determining or in respect of any Entrenched Right or Reserved Matter relating to the Bonds or any other Basic Terms Modification), which affects or relates to any Class A Wrapped Bonds and/or Class B Wrapped Bonds, the Bond Trustee shall only act on the instructions of the relevant Financial Guarantor(s) (provided no FG Event of Default has occurred and is continuing) in accordance with the provisions of the Bond Trust Deed and the Bond Trustee shall not be required to have regard to the interests of the Bondholders in relation to the exercise of such rights, powers, trusts, authorities and discretions and shall have no liability to any Bondholders as a consequence of so acting. As a consequence of being required to act only on the instructions of the relevant Financial Guarantor(s) in the circumstances referred to in the previous sentence, the Bond Trustee may not, notwithstanding the provisions of these Conditions, be entitled to act on behalf of the holders of any Sub-Classes of Bonds. Subject as provided in these Conditions and the Bond Trust Deed, the Bond Trustee will exercise its rights under, or in relation to, the Bond Trust Deed, the Conditions or any Financial Guarantee in accordance with the directions of the relevant Bondholders, but the Bond Trustee shall not be bound as against the Bondholders to take any such action unless it has: (i) (a) (in respect of the matters set out in Condition 11 (*Events of default*) and Condition 15(a) (*Decisions of the Majority Creditors*) only) been so requested in writing by the holders of at least 25 per cent. in nominal amount of the relevant Sub-Classes of Bonds Outstanding; or (b) been so directed by an Extraordinary Resolution; and (ii) been indemnified and/or furnished with security and/or pre-funded to its satisfaction.

(c) *Decisions under STID binding on all Bondholders*

Subject to the provisions of the STID and the Entrenched Rights and Reserved Matters of the Bond Trustee and the Bondholders, decisions of the Majority Creditors and (in a Default Situation) decisions made pursuant to the Emergency Instructions Procedures will bind the Bond Trustee and the Bondholders in all circumstances.

## 17 Notices

Notices to holders of Registered Bonds will be posted to them at their respective addresses in the Register and deemed to have been given on the date of posting. Other notices to Bondholders will be valid if published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*). The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of Euronext Dublin, on which the Bonds are for the time being listed. Any such notice (other than to holders of Registered Bonds as specified above) shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders and Receiptholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Bonds in accordance with this Condition 17.

So long as any Bonds are represented by Global Bonds, notices in respect of those Bonds may be given by delivery of the relevant notice to Euroclear as operator of the Euroclear System or Clearstream, Luxembourg or any other relevant clearing system as specified in the relevant Final Terms or Drawdown Prospectus for communication by them to entitled account holders in substitution for publication in a daily newspaper with general circulation in London. Such notices shall be deemed to have been received by the Bondholders on the day of delivery to such clearing systems.

## **18 Indemnification of the Bond Trustee and Security Trustee**

### *(a) Indemnification of the Bond Trustee*

The Bond Trust Deed contains provisions for indemnification of the Bond Trustee, and for its relief from responsibility, including provisions relieving it from taking any action including taking proceedings against the Issuer, any Financial Guarantor and or any other person unless indemnified and/or secured and/or prefunded to its satisfaction. The Bond Trustee or any of its affiliates (as defined in Condition 7 (*Indexation*)) are entitled to enter into business transactions with the Issuer, any Financial Guarantor, the other Secured Creditors or any of their respective subsidiaries or associated companies without accounting for any profit resulting therefrom.

### *(b) Indemnification of the Security Trustee*

Subject to the Entrenched Rights and Reserved Matters of the Security Trustee, the Security Trustee will only be required to take any action under or in relation to, or to enforce or protect the Security, or any other security interest created by a Finance Document, or a document referred to therein, if instructed to act by the Majority Creditors or Secured Creditors (or their representatives) (as appropriate) and if indemnified and/or secured and/or prefunded to its satisfaction.

### *(c) Directions, Duties and Liabilities*

Neither the Security Trustee nor the Bond Trustee, in the absence of its own wilful default, negligence or fraud, and in all cases when acting as directed by or subject to the agreement of the Majority Creditors or Secured Creditors (or their representatives) (as appropriate), shall in any way be responsible for any loss, costs, damages or expenses or other liability, which may result from the exercise or non-exercise of any consent, waiver, power, trust, authority or discretion vested in the Security Trustee or the Bond Trustee pursuant to the STID, any Finance Document or any Ancillary Document.

## **19 Miscellaneous**

### *(a) Governing Law*

The Bond Trust Deed, STID, the Security Agreement, the Bonds, the Coupons, the Receipts, the Talons (if any), the relevant Financial Guarantee (if any) and the other Finance Documents are, and all matters arising from or in connection with such documents shall be governed by, and shall be construed in accordance with, English law.

### *(b) Jurisdiction*

The courts of England are to have exclusive jurisdiction to settle any dispute that may arise out of or in connection with the Bonds, the Coupons, the Receipts, the Talons, the relevant Financial Guarantee (if any) and the Finance Documents and accordingly any legal action or proceedings arising out of or in connection with the Bonds, the Coupons, the Receipts, the Talons (if any) the relevant Financial Guarantee (if any) and/or the Finance Document may be brought in such courts. The Issuer has in each of the Finance Documents irrevocably submitted to the jurisdiction of such courts. The English courts are the most appropriate and convenient courts to settle any such dispute and the Issuer waives objection to those courts on the grounds of inconvenient forum or otherwise in relation to proceedings in connection with this Bond Trust Deed. To the extent allowed by law, the Bond Trustee, the Bondholders and the Couponholders may take (i) proceedings in any other court; and (ii) concurrent proceedings in any number of jurisdictions.



(c) *Third Party Rights*

No person shall have any right to enforce any term or condition of the Bonds or the Bond Trust Deed under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any rights or remedy which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

## **PART B – PRICING AND ADDITIONAL TERMS**

### **1 Final Terms of the Series 17 Bonds (as amended by the Deed of Variation and the Deed of Amendment)**

*[See overleaf]*

Final Terms dated 16 December 2015

**THAMES WATER UTILITIES CAYMAN FINANCE LIMITED**

Issue of £45,000,000 0.721% Index Linked Class A Unwrapped Bonds due 21 December 2027

under the £10,000,000,000 Guaranteed Bond Programme

**PART A  
CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the base prospectus dated 26 June 2015 and the supplemental prospectus dated 7 September 2015 (the "Prospectus") which together constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) as amended to the extent implemented (the "Prospectus Directive"). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such base prospectus as so supplemented. Full information on the Issuer, the Guarantors and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the base prospectus as so supplemented. The base prospectus and the supplemental prospectus are available on the website of the Central Bank of Ireland at: <http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx> and the website of the Irish Stock Exchange at <http://www.ise.ie/>.

Repayment of the principal and payment of any interest or premium in connection with the Bonds has not been guaranteed by any Financial Guarantor or by any other financial institution.

- |          |       |                                  |  |
|----------|-------|----------------------------------|--|
| <b>1</b> | (i)   | Issuer:                          | Thames Water Utilities Cayman Finance Limited  |
|          | (ii)  | Guarantors:                      | Thames Water Utilities Holdings Limited, Thames Water Utilities Limited, Thames Water Utilities Finance Limited and Thames Water Utilities Cayman Finance Holdings Limited |
| <b>2</b> | (i)   | Series Number:                   | 17   |
|          | (ii)  | Sub-Class Number:                | Not Applicable   |
| <b>3</b> |       | Relevant Currency or Currencies: | Sterling ("£")   |
| <b>4</b> |       | Aggregate Nominal Amount:        |  |
|          | (i)   | Series:                          | £45,000,000  |
|          | (ii)  | Sub-Class:                       | Not Applicable   |
|          | (iii) | Tranche:                         | £45,000,000  |
| <b>5</b> | (i)   | Issue Price:                     | 100.00 per cent. of the Aggregate Nominal Amount   |
|          | (ii)  | Net proceeds:                    | £44,842,500  |

<b>6</b>	(i)	Specified Denominations:	£100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Bonds in definitive form will be issued with a denomination above £199,000.
	(ii)	Calculation Amount	£1,000
<b>7</b>	(i)	Issue Date:	21 December 2015
	(ii)	Interest Commencement Date (if different from the Issue Date):	Issue Date
<b>8</b>		Maturity Date:	21 December 2027
<b>9</b>		Instalment Date:	Not Applicable
<b>10</b>		Interest Basis:	0.721 per cent. Index Linked Interest
<b>11</b>		Redemption/Payment Basis:	Index Linked Redemption
<b>12</b>		Call Options:	Not Applicable
<b>13</b>	(i)	Status:	Class A Unwrapped Bonds
	(ii)	Date Board approval for issuance of Bonds and Guarantee obtained:	25 November 2015

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

<b>14</b>		Fixed Rate Bond Provisions:	Not Applicable
<b>15</b>		Floating Rate Bond Provisions:	Not Applicable
<b>16</b>		Zero Coupon Bond Provisions:	Not Applicable
<b>17</b>		Indexed Bond Provisions:	Applicable
	(i)	Index/Formula:	RPI, 3 months lag, Base Index Figure 259.53548
	(ii)	Interest Rate:	0.721 per cent.
	(iii)	Party responsible for calculating the Rate(s) of Interest, Interest Amount and Redemption Amount(s) (if not the Agent Bank):	Calculation Agent
	(iv)	Provisions for determining Coupon where calculation	Applicable – Condition 7(c) and 7(e)

by reference to Index  
and/or Formula is  
impossible or  
impracticable:

- |           |                                |   |
|-----------|--------------------------------|---|
| (v)       | Interest Payment Dates:        | 21 June and 21 December in each year starting on 21 June 2016, up to and including the Maturity Date, not adjusted. |
| (vi)      | First Interest Payment Date:   | 21 June 2016  |
| (vii)     | Business Day Convention:       | Following Business Day Convention   |
| (viii)    | Business Centres:              | London  |
| (ix)      | Minimum Indexation Factor:     | Not Applicable  |
| (x)       | Maximum Indexation Factor:     | Not Applicable  |
| (xi)      | Limited Indexation Month(s):   | Not Applicable  |
| (xii)     | Reference Gilt:                | UKTI 1.25% due 22 November 2027   |
| (xiii)    | Day Count Fraction:            | Actual/Actual (ICMA)  |
| <b>18</b> | Dual Currency Bond Provisions: | Not Applicable  |

#### **PROVISIONS RELATING TO REDEMPTION**

- |           |                          |                               |
|-----------|--------------------------|-------------------------------|
| <b>19</b> | Call Option:             | Not Applicable                |
| <b>20</b> | Final Redemption Amount: | £1,000 per calculation amount |

#### **GENERAL PROVISIONS APPLICABLE TO THE BONDS**

- |           |   |  |
|-----------|---|--|
| <b>21</b> | Form of Bonds:  | Bearer   |
|           | (i) If issued in Bearer form:   | Temporary Global Bond exchangeable for a Permanent Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond. |
|           | (ii) If Registered Bonds:   | Not Applicable   |
| <b>22</b> | Relevant Financial Centre(s):   | London   |
| <b>23</b> | Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature): | No   |

**24** Details relating to Instalment Bonds: Not Applicable

**25** Redenomination, renominalisation and reconventioning provisions: Not Applicable

**26** TEFRA rules: TEFRA D

**ISSUER/TWUL LOAN TERMS**

**27** Amount of relevant Term Advance/Index Linked Advances: £44,841,900

**28** Interest rate on relevant Term Advance/Index Linked Advances: 0.721, Index Linked

**29** Term of relevant Term Advance/Index Linked Advances: 21 December 2027 or earlier if the Bonds are redeemed early

**DISTRIBUTION**

**Method of distribution** **Non-syndicated**

**30** If syndicated, names of Managers: Not Applicable

Stabilising Manager (if any): Not Applicable


**31** If non-syndicated, name of Dealer: RBC Europe Limited

**32** U.S. Selling Restrictions: Reg. S Compliance Category 2; TEFRA D


Signed on behalf of the Issuer:

By:   
.....  
Duly authorised


Signed on behalf of Thames Water Utilities Limited:

By:   
.....  
Duly authorised

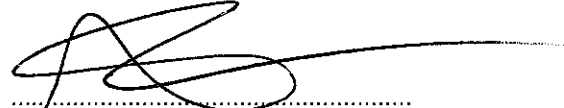
Signed on behalf of Thames Water Utilities Holdings Limited:

By:   
.....  
Duly authorised

Signed on behalf of Thames Water Utilities Finance Limited:

By:   
.....  
Duly authorised

Signed on behalf of Thames Water Utilities Cayman Finance Holdings Limited:

By:   
.....  
Duly authorised

**PART B  
OTHER INFORMATION**

**1 Listing**

- (i) Listing: Listed on the Official List of the Irish Stock Exchange
- (ii) Admission to trading: Application has been made for the Bonds to be admitted to trading on the Main Securities Market of the Irish Stock Exchange with effect from 21 December 2015.
- Estimate of total expenses related to admission to trading: EUR 600

**2 Ratings**

- Ratings: The Bonds to be issued have been rated:  
Standard & Poor's Credit Market Services Europe Limited: A-  
Moody's Investors Service Limited: A3

**3 Interests of Natural and Legal Persons involved in the Issue/Offer**

Save as discussed in Chapter 12 "Subscription and sale" of the Prospectus, so far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer.

**4 Reasons for the offer**

- Reasons for the offer: The proceeds of the issue will be on-lent to TWUL under the terms of an Issuer/TWUL Loan Agreement, to be applied by TWUL for its general corporate purposes or used to repay or service TWUL's Financial Indebtedness

Estimated net proceeds: £44,841,900

Estimated total expenses: £158,100

**5 Fixed Rate Bonds only – Yield**

- Indication of yield: Not Applicable

**6 Floating Rate Bonds Only – Historic Interest Rates**

Not Applicable



**7 Index-Linked or other variable-linked Bonds only – Performance of Index/Formula/Other Variable and Other Information Concerning the Underlying**

- |      |   |   |
|------|---|---|
| (i)  | Name of underlying index:   | UK Retail Price Index (RPI)   |
| (ii) | Information about the Index, its volatility and past and future performance can be obtained from: | More information on RPI including past and current performance and its volatility and fall back provisions in the event of a disruption in the publication of RPI, can be found at <a href="http://www.statistics.gov.uk">www.statistics.gov.uk</a> |

**8 Operational information**

- |  |  |
|--|--|
| ISIN:  | XS1335311574   |
| Common Code:   | 133531157  |
| Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking <i>société anonyme</i> and the relevant identification number(s): | Not Applicable   |
| Delivery:  | Delivery against payment   |
| Names and addresses of initial Paying Agent(s):  | Deutsche Bank AG, London Branch<br>Address: Winchester House<br>1 Great Winchester Street<br>London EC2N 2DB<br>United Kingdom |
| Names and addresses of additional Paying Agent(s) (if any):  | Not Applicable   |

**2 Final Terms of the Series 18 Bonds (as amended by the Deed of Variation and the Deed of Amendment)**

*[See overleaf]*

Final Terms dated 16 December 2015

**THAMES WATER UTILITIES CAYMAN FINANCE LIMITED**

Issue of £40,000,000 0.750% Index Linked Class A Bonds due 18 December 2034

under the £10,000,000,000 Guaranteed Bond Programme

**PART A  
CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the base prospectus dated 26 June 2015 and the supplemental prospectus dated 7 September 2015 (the "Prospectus") which together constitute (i) a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) as amended to the extent implemented (the "Prospectus Directive"). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such base prospectus as so supplemented. Full information on the Issuer, the Guarantors and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the base prospectus as so supplemented. The base prospectus and the supplemental prospectus are available on the website of the Central Bank of Ireland at: <http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx> and the website of the Irish Stock Exchange at <http://www.ise.ie/>.

Repayment of the principal and payment of any interest or premium in connection with the Bonds has not been guaranteed by any Financial Guarantor or by any other financial institution.

<b>1</b>	(i)	Issuer:	Thames Water Utilities Cayman Finance Limited
	(ii)	Guarantors:	Thames Water Utilities Holdings Limited, Thames Water Utilities Limited, Thames Water Utilities Finance Limited and Thames Water Utilities Cayman Finance Holdings Limited
<b>2</b>	(i)	Series Number:	18
	(ii)	Sub-Class Number:	Not Applicable
<b>3</b>		Relevant Currency or Currencies:	Sterling ("£")
<b>4</b>		Aggregate Nominal Amount:	
	(i)	Series:	£40,000,000
	(ii)	Sub-Class:	Not Applicable
	(iii)	Tranche:	£40,000,000
<b>5</b>	(i)	Issue Price:	100.00 per cent. of the Aggregate Nominal Amount
	(ii)	Net proceeds:	£39,880,000

<b>6</b>	(i)	Specified Denominations:	£100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Bonds in definitive form will be issued with a denomination above £199,000.
	(ii)	Calculation Amount	£1,000
<b>7</b>	(i)	Issue Date:	18 December 2015
	(ii)	Interest Commencement Date (if different from the Issue Date):	Issue Date
<b>8</b>		Maturity Date:	18 December 2034
<b>9</b>		Instalment Date:	Not Applicable
<b>10</b>		Interest Basis:	0.750 per cent. Index Linked Interest
<b>11</b>		Redemption/Payment Basis:	Index Linked Redemption
<b>12</b>		Call Options:	Not Applicable
<b>13</b>	(i)	Status:	Class A Unwrapped Bonds
	(ii)	Date Board approval for issuance of Bonds and Guarantee obtained:	25 November 2015

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

<b>14</b>		Fixed Rate Bond Provisions:	Not Applicable
<b>15</b>		Floating Rate Bond Provisions:	Not Applicable
<b>16</b>		Zero Coupon Bond Provisions:	Not Applicable
<b>17</b>		Indexed Bond Provisions:	Applicable
	(i)	Index/Formula:	RPI, 3 months lag, Base Index Figure 259.54516
	(ii)	Interest Rate:	0.750 per cent.
	(iii)	Party responsible for calculating the Rate(s) of Interest, Interest Amount and Redemption Amount(s) (if not the Agent Bank):	Calculation Agent
	(iv)	Provisions for determining Coupon where calculation by reference to Index	Applicable – Condition 7(c) and 7(e)

and/or Formula is  
impossible or  
impracticable:

(v)	Interest Payment Dates:	18 June and 18 December in each year commencing on 18 June 2016, up to and including the Maturity Date, not adjusted.
(vi)	First Interest Payment Date:	18 June 2016
(vii)	Business Day Convention:	Following Business Day Convention
(viii)	Business Centres:	London
(ix)	Minimum Indexation Factor:	Not Applicable
(x)	Maximum Indexation Factor:	Not Applicable
(xi)	Limited Indexation Month(s):	Not Applicable
(xii)	Reference Gilt:	UKTI 0.750 per cent. due 2034
(xiii)	Day Count Fraction:	Actual/Actual (ICMA)
<b>18</b>	Dual Currency Bond Provisions:	Not Applicable

#### **PROVISIONS RELATING TO REDEMPTION**

<b>19</b>	Call Option:	Not Applicable
<b>20</b>	Final Redemption Amount:	£1,000 per Calculation Amount

#### **GENERAL PROVISIONS APPLICABLE TO THE BONDS**

<b>21</b>	Form of Bonds:	Bearer
	(i) If issued in Bearer form:	Temporary Global Bond exchangeable for a Permanent Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond.
	(ii) If Registered Bonds:	Not Applicable
<b>22</b>	Relevant Financial Centre(s):	London
<b>23</b>	Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature):	No
<b>24</b>	Details relating to Instalment Bonds:	Not Applicable
<b>25</b>	Redenomination, renominalisation and reconventioning provisions:	Not Applicable

**26** TEFRA rules: TEFRA D

**ISSUER/TWUL LOAN TERMS**

**27** Amount of relevant Term Advance/Index Linked Advances: £39,880,000

**28** Interest rate on relevant Term Advance/Index Linked Advances: 0.750, Index Linked

**29** Term of relevant Term Advance/Index Linked Advances: 18 December 2034 or earlier if the Bonds are redeemed early

**DISTRIBUTION**

**Method of distribution** **Non-syndicated**

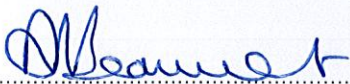
**30** If syndicated, names of Managers: Not Applicable

Stabilising Manager (if any): Not Applicable

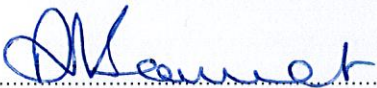
**31** If non-syndicated, name of Dealer: HSBC Bank plc

**32** U.S. Selling Restrictions: Reg. S Compliance Category 2; TEFRA D

Signed on behalf of the Issuer:

By:   
Duly authorised

Signed on behalf of Thames Water Utilities Limited:

By:   
Duly authorised

Signed on behalf of Thames Water Utilities Holdings Limited:

By:   
Duly authorised

Signed on behalf of Thames Water Utilities Finance Limited:

By:   
Duly authorised

Signed on behalf of Thames Water Utilities Cayman Finance Holdings Limited:

By:   
Duly authorised

## **PART B OTHER INFORMATION**

### **1 Listing**

- (i) Listing: Listed on the Official List of the Irish Stock Exchange
- (ii) Admission to trading: Application has been made for the Bonds to be admitted to trading on the Main Securities Market of the Irish Stock Exchange with effect from 18 December 2015.
- Estimate of total expenses related to admission to trading: EUR 600

### **2 Ratings**

- Ratings: The Bonds to be issued have been rated:  
Standard & Poor's Credit Market Services Europe Limited: A-  
Moody's Investors Service Limited: A3

### **3 Interests of Natural and Legal Persons involved in the Issue**

Save as discussed in Chapter 12 "Subscription and sale" of the Prospectus, so far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer.

### **4 Reasons for the offer**

- Reasons for the offer: The proceeds of the issue will be on-lent to TWUL under the terms of an Issuer/TWUL Loan Agreement, to be applied by TWUL for its general corporate purposes or used to repay or service TWUL's Financial Indebtedness
- Estimated net proceeds: £39,879,400
- Estimated total expenses: £120,600

### **5 Index-Linked or other variable-linked Bonds only – Performance of Index/Formula/Other Variable and Other Information Concerning the Underlying**

- (i) Name of underlying index: UK Retail Price Index (RPI)
- (ii) Information about the Index, its volatility and More information on RPI including past and current performance and its volatility and fall



past and future performance can be obtained from:

back provisions in the event of a disruption in the publication of RPI, can be found at [www.statistics.gov.uk](http://www.statistics.gov.uk)

## 6 Operational information

ISIN: XS1334772925

Common Code: 133477292

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme* and the relevant identification number(s): Not Applicable

Delivery: Delivery against payment

Names and addresses of initial Paying Agent(s): Deutsche Bank AG, London Branch  
Address: Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

Names and addresses of additional Paying Agent(s) (if any): Not Applicable

**3 Final Terms of the Series 19 Bonds (as amended by the Deed of Variation and the Deed of Amendment)**

*[See overleaf]*

Final Terms dated 23 February 2016

**THAMES WATER UTILITIES CAYMAN FINANCE LIMITED**

Issue of Class A £300,000,000

3.5 per cent. Guaranteed Unwrapped Bonds due 2028

under the £10,000,000,000 Guaranteed Bond Programme

**PART A  
CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the base prospectus dated 26 June 2015 and the supplemental prospectus dated 7 September 2015 which together constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) as amended to the extent implemented (the "Prospectus Directive"). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such base prospectus as so supplemented. Full information on the Issuer, the Guarantors and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the base prospectus as so supplemented. The base prospectus and the supplemental prospectus are available on the website of the Central Bank of Ireland at: <http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx> and the website of the Irish Stock Exchange at <http://www.ise.ie/>

Repayment of the principal and payment of any interest or premium in connection with the Bonds has not been guaranteed by any Financial Guarantor or by any other financial institution.

<b>1</b>	(i)	Issuer:	Thames Water Utilities Cayman Finance Limited
	(ii)	Guarantors:	Thames Water Utilities Holdings Limited, Thames Water Utilities Limited, Thames Water Utilities Finance Limited and Thames Water Utilities Cayman Finance Holdings Limited
<b>2</b>	(i)	Series Number:	19
	(ii)	Sub-Class Number:	Tranche 1
<b>3</b>		Relevant Currency or Currencies:	Sterling (£)
<b>4</b>		Aggregate Nominal Amount:	
	(i)	Series:	£300,000,000
	(ii)	Sub-Class:	Not Applicable
	(iii)	Tranche:	£300,000,000
<b>5</b>	(i)	Issue Price:	99.09 per cent. of the Aggregate Nominal Amount
	(ii)	Net proceeds:	£296,070,000

## EXECUTION VERSION

<b>6</b>	(i)	Specified Denominations:	£100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Bonds in definitive form will be issued with a denomination above £199,000.
	(ii)	Calculation Amount	£1,000
<b>7</b>	(i)	Issue Date:	25 February 2016
	(ii)	Interest Commencement Date (if different from the Issue Date):	Issue Date
<b>8</b>		Maturity Date:	25 February 2028
<b>9</b>		Instalment Date:	Not Applicable
<b>10</b>		Interest Basis:	3.5 per cent. Fixed Rate
<b>11</b>		Redemption/Payment Basis:	Redemption at par
<b>12</b>		Call Options:	Issuer Call Option in accordance with Condition 8(b)
<b>13</b>	(i)	Status:	Class A Unwrapped Bonds
	(ii)	Date Board approval for issuance of Bonds and Guarantee obtained:	3 June 2015, 4 June 2015 and 25 November 2015 respectively

### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

<b>14</b>		Fixed Rate Bond Provisions:	Applicable
	(i)	Interest Rate:	3.5 per cent. per annum payable annually in arrear
	(ii)	Interest Payment Date(s):	25 February in each year not adjusted commencing on 25 February 2017 up to and including the Maturity Date
	(iii)	Fixed Coupon Amounts:	£35 per Calculation Amount
	(iv)	Broken Amounts:	Not Applicable
	(v)	Day Count Fraction:	Actual/Actual (ICMA)
	(vi)	Determination Date:	25 February in each year
	(vii)	Reference Gilt:	6% UK Treasury Stock 2028

## EXECUTION VERSION

<b>15</b>	Floating Rate Bond Provisions:	Not Applicable
<b>16</b>	Zero Coupon Bond Provisions:	Not Applicable
<b>17</b>	Indexed Bond Provisions:	Not Applicable
<b>18</b>	Dual Currency Bond Provisions:	Not Applicable

### PROVISIONS RELATING TO REDEMPTION

<b>19</b>	Call Option:	Applicable in accordance with Condition 8(b)
	(i) Optional Redemption Date(s):	Any Interest Payment Date
	(ii) Optional Redemption Amount(s):	Applicable in accordance with Condition 8(b)
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	Not Applicable
	(b) Maximum Redemption Amount:	Not Applicable
	Notice period:	Not Applicable
<b>20</b>	Final Redemption Amount:	Par

### GENERAL PROVISIONS APPLICABLE TO THE BONDS

<b>21</b>	Form of Bonds:	Bearer
	(i) If issued in Bearer form:	Temporary Global Bond exchangeable for a Permanent Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond/for tax reasons
	(ii) If Registered Bonds:	Not Applicable
<b>22</b>	Relevant Financial Centre(s):	Not Applicable
<b>23</b>	Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature):	No
<b>24</b>	Details relating to Instalment Bonds:	Not Applicable
<b>25</b>	Redenomination, renominatisation and reconventioning provisions:	Not Applicable
<b>26</b>	TEFRA rules:	TEFRA D

**ISSUER/TWUL LOAN TERMS**

<b>27</b>	Amount of relevant Term Advance/Index Linked Advances:	300,000,000
<b>28</b>	Interest rate on relevant Term Advance/Index Linked Advances:	3.5 per cent. per annum
<b>29</b>	Term of relevant Term Advance/Index Linked Advances:	Until 25 February 2028, or earlier if the Bonds are redeemed early.

**DISTRIBUTION**

**Method of distribution**

**Syndicated**

<b>30</b>	If syndicated, names of Managers:	Barclays Bank PLC J.P. Morgan Securities plc Lloyds Bank plc Banco Santander, S.A.
	Stabilising Manager (if any):	Barclays Bank PLC
<b>31</b>	If non-syndicated, name of Dealer:	Not Applicable
<b>32</b>	U.S. Selling Restrictions:	Reg. S Compliance Category 2; TEFRA D

Signed on behalf of the Issuer:

By:   
Duly authorised

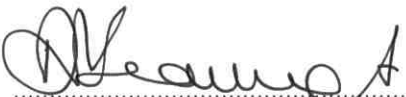
Signed on behalf of Thames Water Utilities Limited:

By:   
Duly authorised

Signed on behalf of Thames Water Utilities Holdings Limited:

By:   
Duly authorised

Signed on behalf of Thames Water Utilities Finance Limited:

By:   
Duly authorised

EXECUTION VERSION

Duly authorised

Signed on behalf of Thames Water Utilities Cayman Finance Holdings Limited:

By:   
Duly authorised

**PART B  
OTHER INFORMATION**

**1 Listing**

- |       |   |  |
|-------|---|--|
| (i)   | Listing:  | Listed on the Official List of the Irish Stock Exchange  |
| (ii)  | Admission to trading:                                       | Application has been made for the Bonds to be admitted to trading on the Main Securities Market of the Irish Stock Exchange. |
| (iii) | Estimate of total expenses related to admission to trading: | EUR 600  |

**2 Ratings**

- |          |   |
|----------|---|
| Ratings: | The Bonds to be issued have been rated:<br><br>Standard & Poor's Credit Market Services Europe Limited: A-<br><br>Moody's Investors Service Limited: A3 |
|----------|---|

**3 Interests of Natural and Legal Persons involved in the Issue/Offer**

Save as discussed in Chapter 12, "Subscription and Sale" of the Prospectus, so far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer.

**4 Yield**

- |                      |  |
|----------------------|--|
| Indication of yield: | 3.563 per cent. (semi-annual)<br><br>The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. |
|----------------------|--|



<b>5</b>	<b>Floating Rate Bonds Only – Historic Interest Rates</b>	Not applicable
<b>6</b>	<b>Index-Linked or other variable-linked Bonds only – Performance of Index/Formula/Other Variable and Other Information Concerning the Underlying</b>	
	(i) Name of underlying index:	Not applicable
	(ii) Information about the Index, its volatility and past and future performance can be obtained from:	Not applicable
<b>7</b>	<b>Dual currency Bonds only – Performance of Rate[s] of Exchange</b>	Not applicable
<b>8</b>	<b>Operational information</b>	
	ISIN:	XS1371533867
	Common Code:	137153386
	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking <i>société anonyme</i> and the relevant identification number(s):	Not Applicable
	Delivery:	Delivery against payment
	Names and addresses of initial Paying Agent(s):	Deutsche Bank AG, London Branch Winchester House, 1 Great Winchester Street London EC2N 2DB United Kingdom
	Names and addresses of additional Paying Agent(s) (if any):	Not applicable

**4 Final Terms of the Series 20 Bonds (as amended by the Deed of Variation and the Deed of Amendment)**

*[See overleaf]*

Final Terms dated 13 December 2016

**THAMES WATER UTILITIES CAYMAN FINANCE LIMITED**

Issue of £400,000,000 7.738 per cent. Guaranteed Class A Unwrapped Bonds due 9 April 2058

(the “**Bonds**”)

under the £10,000,000,000 Guaranteed Bond Programme

**PART A CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the base prospectus dated 16 September 2016 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) as amended to the extent implemented (the “Prospectus Directive”). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such base prospectus. Full information on the Issuer, the Guarantors and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the base prospectus. The base prospectus is available on the website of the Central Bank of Ireland at: <http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx> and the website of the Irish Stock Exchange at <http://www.ise.ie/>.

Repayment of the principal and payment of any interest or premium in connection with the Bonds has not been guaranteed by any Financial Guarantor or by any other financial institution.

- |   |   |  |
|---|---|--|
| 1 | (i) Issuer:   | Thames Water Utilities Cayman Finance Limited  |
|   | (ii) Guarantors:  | Thames Water Utilities Holdings Limited, Thames Water Utilities Limited, Thames Water Utilities Finance Limited and Thames Water Utilities Cayman Finance Holdings Limited |
| 2 | (i) Series Number:  | 20   |
|   | (ii) Sub-Class Number:  | Not Applicable   |
| 3 | Relevant Currency or Currencies:                                    | Pounds Sterling (“£”)  |
| 4 | Aggregate Nominal Amount:   |  |
|   | (i) Series:   | £400,000,000   |
|   | (ii) Sub-Class:   | £400,000,000   |
|   | (iii) Tranche:  | £400,000,000   |
| 5 | (i) Issue Price:  | 198.55 per cent. of the Aggregate Nominal Amount   |
|   | (ii) Net proceeds:  | Not Applicable   |
| 6 | (i) Specified Denominations:  | £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Bonds in definitive form will be issued with a denomination above £199,000.   |
|   | (ii) Calculation Amount:  | £1,000   |
| 7 | (i) Issue Date:   | 23 December 2016   |
|   | (ii) Interest Commencement Date (if different from the Issue Date): | Issue Date   |

8	Maturity Date:	9 April 2058
9	Instalment Date:	Not Applicable
10	Interest Basis:	7.738 per cent. Fixed Rate
11	Redemption/Payment Basis:	Redemption at par
12	Call Options:	None
13	(i) Status:	Class A Unwrapped Bonds
	(ii) Date Board approval for issuance of Bonds obtained:	23 November 2016 and 24 November 2016

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14	Fixed Rate Bond Provisions:	Applicable
	(i) Interest Rate:	7.738 per cent per annum payable annually in arrear save for the first short coupon
	(ii) Interest Payment Date(s):	9 April in each year
	(iii) Fixed Coupon Amounts:	£77.38 per Calculation Amount from and including the Interest Payment Date falling on 9 April 2018
	(iv) Broken Amounts:	£22.68 per Calculation Amount on the Interest Payment Date falling on 9 April 2017 (first short coupon)
	(v) Day Count Fraction:	Actual/Actual (ICMA)
	(vi) Determination Date:	9 April in each year
	(vii) Reference Gilt:	4.25 per cent. UK Treasury Stock 2055
15	Floating Rate Bond Provisions:	Not Applicable
16	Zero Coupon Bond Provisions:	Not Applicable
17	Indexed Bond Provisions:	Not Applicable
18	Dual Currency Bond Provisions:	Not Applicable

#### **PROVISIONS RELATING TO REDEMPTION**

19	Call Option:	Not Applicable
20	Final Redemption Amount:	100 per cent. per Calculation Amount. For the avoidance of doubt, the Redemption Amount of each Bond payable on redemption for an Event of Default in accordance with Conditions 11(a) and 11(d) shall be as calculated in accordance with Condition 8(b). The Issuer's option to redeem all Bonds under the second sentence of the final paragraph of Condition 8(c) (Redemption for Taxation Reasons) is not applicable. Any redemption pursuant to Condition 8(d) (Redemption on Prepayment of Issuer/TWUL Loan Agreements) shall be at the Redemption Amount (as defined in accordance with that Condition) plus accrued but unpaid interest.

#### **GENERAL PROVISIONS APPLICABLE TO THE BONDS**

21	Form of Bonds:	Bearer
----	----------------	--------

	(i) If issued in Bearer form:	Temporary Global Bond exchangeable for a Permanent Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond
	(ii) If Registered Bonds:	Not Applicable
22	Relevant Financial Centre(s):	Not Applicable
23	Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature):	Yes
24	Details relating to Instalment Bonds:	Not Applicable
25	Redenomination, renominatisation and reconventioning provisions:	Not Applicable
26	TEFRA rules:	TEFRA D

#### **ISSUER/TWUL LOAN TERMS**

27	Amount of relevant Term Advance/Index Linked Advances:	£400,000,000
28	Interest rate on relevant Term Advance/Index Linked Advances:	7.838 per cent.
29	Term of relevant Term Advance/Index Linked Advances:	To Maturity Date

#### **DISTRIBUTION**

##### **Method of distribution**

##### **Syndicated**

30	(i) If syndicated, names of Managers:	Morgan Stanley & Co. International plc and The Royal Bank of Scotland plc (trading as NatWest Markets)
	(ii) Stabilising Manager (if any):	Morgan Stanley & Co. International plc
31	If non-syndicated, name of Dealer:	Not Applicable
32	U.S. Selling Restrictions:	Reg. S Compliance Category 2; TEFRA D

Signed on behalf of the Issuer:

By: .....  
Duly authorised

Signed on behalf of Thames Water Utilities Limited:

By: .....  
Duly authorised

Signed on behalf of Thames Water Utilities Holdings Limited:

By: .....  
Duly authorised

Signed on behalf of Thames Water Utilities Finance Limited:

By: .....  
Duly authorised

Signed on behalf of Thames Water Utilities Cayman Finance Holdings Limited:

By: .....  
Duly authorised

**PART B**  
**OTHER INFORMATION**

- 1     **Listing**
- (i) Listing: Listed on the Official List of the Irish Stock Exchange
- (ii) Admission to trading: Application has been made for the Bonds to be admitted to trading on the Main Securities Market of the Irish Stock Exchange.
- (iii) Estimate of total expenses related to admission to trading: EUR 600
- 2     **Ratings**
- Ratings: The Bonds to be issued have been rated:  
Standard & Poor's Credit Market Services Europe Limited: A -  
Moody's Investors Service Limited: A3
- 3     **Interests of Natural and Legal persons involved in the Issue**
- Save as discussed in Chapter 12, "Subscription and Sale" of the base prospectus dated 16 September 2016, so far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer.
- 4     **Yield**
- Indication of yield: 3.320 per cent. per annum
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
- 5     **Operational information**
- ISIN: XS1537083716
- Common Code: 153708371
- Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme* and the relevant identification number(s): Not applicable
- Delivery: Delivery free of payment
- Names and addresses of initial Paying Agents (if any): Deutsche Bank AG, London Branch,  
Winchester House, 1 Great Winchester Street  
London EC2N 2DB, United Kingdom
- Names and addresses of additional Paying Agent(s) (if any): Not applicable

**5 Final Terms of the Series 22 Bonds (as amended by the Deed of Variation and the Deed of Amendment)**

*[See overleaf]*



Final Terms dated 20 January 2017

**THAMES WATER UTILITIES CAYMAN FINANCE LIMITED**

Issue of £250,000,000 2.625 per cent. Class A Guaranteed Unwrapped Bonds due 24 January 2032  
under the £10,000,000,000 Guaranteed Bond Programme

**PART A**  
**CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the base prospectus dated 16 September 2016 which constitutes (i) a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) as amended to the extent implemented (the "Prospectus Directive"). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such base prospectus. Full information on the Issuer, the Guarantors and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the base prospectus. The base prospectus is available on the website of the Central Bank of Ireland at: <http://www.centralbank.ie/regulation/securitiesmarkets/prospectus/Pages/approvedprospectus.aspx> and the website of the Irish Stock Exchange at <http://www.ise.ie/>.

Repayment of the principal and payment of any interest or premium in connection with the Bonds has not been guaranteed by any Financial Guarantor or by any other financial institution.

<b>1</b>	(i) Issuer:	Thames Water Utilities Cayman Finance Limited
	(ii) Guarantors:	Thames Water Utilities Holdings Limited, Thames Water Utilities Limited, Thames Water Utilities Finance Limited and Thames Water Utilities Cayman Finance Holdings Limited
<b>2</b>	(i) Series Number:	22
	(ii) Sub-Class Number:	Tranche 1
<b>3</b>	Relevant Currency or Currencies:	Pounds Sterling (£)
<b>4</b>	Aggregate Nominal Amount:	
	(i) Series:	£250,000,000
	(ii) Sub-Class:	Not Applicable
	(iii) Tranche:	£250,000,000
<b>5</b>	(i) Issue Price:	99.245 per cent. of the Aggregate Nominal Amount
	(ii) Net proceeds:	£247,362,500
<b>6</b>	(i) Specified Denominations:	

		£100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Bonds in definitive form will be issued with a denomination above £199,000.
	(ii) Calculation Amount	£1,000
<b>7</b>	(i) Issue Date:	24 January 2017
	(ii) Interest Commencement Date (if different from the Issue Date):	Issue Date
<b>8</b>	Maturity Date:	24 January 2032
<b>9</b>	Instalment Date:	Not Applicable
<b>10</b>	Interest Basis:	2.625 per cent. Fixed Rate
<b>11</b>	Redemption/Payment Basis:	Redemption at par
<b>12</b>	Call Options:	Issuer Call Option
<b>13</b>	(i) Status:	Class A Unwrapped Bonds
	(ii) Date Board approval for issuance of Bonds and Guarantee obtained:	23 November 2016 and 24 November 2016.

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

<b>14</b>	Fixed Rate Bond Provisions:	Applicable
	(i) Interest Rate:	2.625 per cent. per annum payable annually in arrear
	(ii) Interest Payment Date(s):	24 January in each year not adjusted commencing on 24 January 2018 up to and including the Maturity Date.
	(iii) Fixed Coupon Amounts:	£26.25 per Calculation Amount
	(iv) Broken Amounts:	Not Applicable
	(v) Day Count Fraction:	Actual/Actual (ICMA)
	(vi) Determination Date:	24 January in each year
	(vii) Reference Gilt:	4.25 per cent. UK Treasury Stock due June 2032
<b>15</b>	Floating Rate Bond Provisions:	Not Applicable
<b>16</b>	Zero Coupon Bond Provisions:	Not Applicable
<b>17</b>	Indexed Bond Provisions:	Not Applicable

**18** Dual Currency Bond Provisions: Not Applicable

**PROVISIONS RELATING TO REDEMPTION**

**19** Call Option: Applicable in accordance with Condition 8(b)

(i) Optional Redemption Date(s): Any Interest Payment Date

(ii) Optional Redemption Amount(s): Calculated in accordance with Condition 8(b)

(iii) If redeemable in part:

(a) Minimum Redemption Amount: Not Applicable

(b) Maximum Redemption Amount: Not Applicable

(iv) Notice period: Not Applicable

**20** Final Redemption Amount: Par

**GENERAL PROVISIONS APPLICABLE TO THE BONDS**

**21** Form of Bonds: Bearer

(i) If issued in Bearer form: Temporary Global Bond exchangeable for a Permanent Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond.

(ii) If Registered Bonds: Not Applicable

**22** Relevant Financial Centre(s): Not Applicable

**23** Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature): No

**24** Details relating to Instalment Bonds: Not Applicable

**25** Redenomination, renominalisation and reconventioning provisions: Not Applicable

**26** TEFRA rules: TEFRA D

**ISSUER/TWUL LOAN TERMS**

**27** Amount of relevant Term Advance/Index Linked Advances: £250,000,000

- |           |   |  |
|-----------|---|--|
| <b>28</b> | Interest rate on relevant Term Advance/Index Linked Advances: | 2.625 per cent. per annum  |
| <b>29</b> | Term of relevant Term Advance/Index Linked Advances:          | Until 24 January 2032, or earlier if the Bonds are redeemed early. |

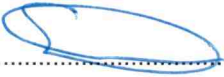
**DISTRIBUTION**

**Method of distribution**

**Syndicated**

- |           |                                       |  |
|-----------|---------------------------------------|--|
| <b>30</b> | (i) If syndicated, names of Managers: | BNP Paribas<br>Lloyds Bank plc<br>National Australia Bank Limited (ABN 12 004 044 937)<br>RBC Europe Limited |
|           | (ii) Stabilising Manager (if any):    | National Australia Bank Limited (ABN 004 044 937), London Branch   |
| <b>31</b> | If non-syndicated, name of Dealer:    | Not Applicable   |
| <b>32</b> | U.S. Selling Restrictions:            | Reg. S Compliance Category 2; TEFRA D  |

Signed on behalf of the Issuer:

By:  .....  
Duly authorised

Signed on behalf of Thames Water Utilities Limited:

By:  .....  
Duly authorised


Signed on behalf of Thames Water Utilities Holdings Limited:

By:  .....  
Duly authorised

Signed on behalf of Thames Water Utilities Finance Limited:

By:   
.....  
Duly authorised

Signed on behalf of Thames Water Utilities Cayman Finance Holdings Limited:

By:   
.....  
Duly authorised

**PART B  
OTHER INFORMATION**

- 1 Listing**
- (i) Listing: Listed on the Official List of the Irish Stock Exchange
- (ii) Admission to trading: Application has been made for the Bonds to be admitted to trading on the Main Securities Market of the Irish Stock Exchange.
- (iii) Estimate of total expenses related to admission to trading: EUR 600
- 2 Ratings**
- Ratings: The Bonds to be issued have been rated:  
Standard & Poor's Credit Market Services Europe Limited: A-  
Moody's Investors Service Limited: A3
- 3 Interests of Natural and Legal Persons involved in the Issue/Offer**
- Same as discussed in Chapter 12, "Subscription and Sale" of the base prospectus, so far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer.
- 4 Fixed Rate Bonds only – Yield**
- Indication of yield: 2.669 per cent. (semi-annual)
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
- 5 Operational information**
- ISIN: XS1555168365
- Common Code: 155516836
- Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme* and the relevant identification number(s): Not Applicable
- Delivery: Delivery against payment
- Names and addresses of initial Paying Agent(s): Deutsche Bank AG, London Branch

Winchester House, 1 Great Winchester  
Street

London EC2N 2DB

United Kingdom

Names and addresses of  
additional Paying Agent(s)  
(if any):

Not Applicable

**6 Final Terms of the Series 24 Bonds (as amended by the Deed of Variation and the Deed of Amendment)**

*[See overleaf]*



Final Terms dated 28 April 2017

**THAMES WATER UTILITIES CAYMAN FINANCE LIMITED**

Issue of £250,000,000 2.875 per cent. Class B Guaranteed Unwrapped Bonds due 3 May 2027  
unconditionally and irrevocably guaranteed as to scheduled payments of principal and interest

by

**THAMES WATER UTILITIES LIMITED  
THAMES WATER UTILITIES HOLDING LIMITED  
THAMES WATER UTILITIES FINANCE LIMITED**

*(each incorporated with limited liability in England and Wales)*

**THAMES WATER UTILITIES CAYMAN FINANCE HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

under the £10,000,000,000 Guaranteed Bond Programme

**PART A  
CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the base prospectus dated 16 September 2016 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) as amended to the extent implemented (the "Prospectus Directive"). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such base prospectus. Full information on the Issuer, the Guarantors and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the base prospectus. The base prospectus is available on the website of the Central Bank of Ireland at: <http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx> and the website of the Irish Stock Exchange at <http://www.ise.ie>.

Repayment of the principal and payment of any interest or premium in connection with the Bonds has not been guaranteed by any Financial Guarantor or by any other financial institution.

- |          |                                  |  |
|----------|----------------------------------|--|
| <b>1</b> | (i) Issuer:                      | Thames Water Utilities Cayman Finance Limited  |
|          | (ii) Guarantors:                 | Thames Water Utilities Holdings Limited, Thames Water Utilities Limited, Thames Water Utilities Finance Limited and Thames Water Utilities Cayman Finance Holdings Limited |
| <b>2</b> | (i) Series Number:               | 24   |
|          | (ii) Sub-Class Number:           | Tranche 1  |
| <b>3</b> | Relevant Currency or Currencies: | Pounds Sterling (£)  |
| <b>4</b> | Aggregate Nominal Amount:        |  |
|          | (i) Series:                      | £250,000,000   |

	(ii)	Sub-Class:	Not Applicable
	(iii)	Tranche:	£250,000,000
<b>5</b>	(i)	Issue Price:	99.036 per cent. of the Aggregate Nominal Amount
	(ii)	Net proceeds:	£246,840,000
<b>6</b>	(i)	Specified Denominations:	£100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Bonds in definitive form will be issued with a denomination above £199,000.
	(ii)	Calculation Amount:	£1,000
<b>7</b>	(i)	Issue Date:	3 May 2017
	(ii)	Interest Commencement Date (if different from the Issue Date):	Issue Date
<b>8</b>		Maturity Date:	3 May 2027
<b>9</b>		Instalment Date:	Not Applicable
<b>10</b>		Interest Basis:	2.875 per cent. Fixed Rate
<b>11</b>		Redemption/Payment Basis:	Redemption at par
<b>12</b>		Call Options:	Issuer Call Option
<b>13</b>	(i)	Status:	Class B Unwrapped Bonds
	(ii)	Date Board approval for issuance of Bonds and Guarantee obtained:	23 November 2016 and 24 November 2016, respectively

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

<b>14</b>		Fixed Rate Bond Provisions:	Applicable
	(i)	Interest Rate:	2.875 per cent. per annum payable annually in arrear
	(ii)	Interest Payment Date(s):	3 May in each year not adjusted commencing from 3 May 2018 up to and including the Maturity Date
	(iii)	Fixed Coupon Amounts:	£28.75 per Calculation Amount
	(iv)	Broken Amounts:	Not Applicable
	(v)	Day Count Fraction:	Actual/Actual (ICMA)
	(vi)	Determination Date:	3 May in each year
	(vii)	Reference Gilt:	4.25 per cent. UK Treasury Stock due December 2027

<b>15</b>	Floating Rate Bond Provisions:	Not Applicable
<b>16</b>	Zero Coupon Bond Provisions:	Not Applicable
<b>17</b>	Indexed Bond Provisions:	Not Applicable
<b>18</b>	Dual Currency Bond Provisions:	Not Applicable

**PROVISIONS RELATING TO REDEMPTION**

<b>19</b>	Call Option:	Applicable in accordance with Condition 8(b)
	(i) Optional Redemption Date(s):	Any Interest Payment Date
	(ii) Optional Redemption Amount(s):	Calculated in accordance with Condition 8(b)
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	Not Applicable
	(b) Maximum Redemption Amount:	Not Applicable
	Notice period:	Applicable as set out in Condition 8(b)
<b>20</b>	Final Redemption Amount:	Par

**GENERAL PROVISIONS APPLICABLE TO THE BONDS**

<b>21</b>	Form of Bonds:	Bearer
	(i) If issued in Bearer form:	Temporary Global Bond exchangeable for a Permanent Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond.
	(ii) If Registered Bonds:	Not Applicable
<b>22</b>	Relevant Financial Centre(s):	Not Applicable
<b>23</b>	Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature):	No
<b>24</b>	Details relating to Instalment Bonds:	Not Applicable
<b>25</b>	Redenomination, renominatisation and reconventioning provisions:	Not Applicable
<b>26</b>	TEFRA rules:	TEFRA D

**ISSUER/TWUL LOAN TERMS**

<b>27</b>	Amount of relevant Term Advance/Index Linked Advances:	£250,000,000
<b>28</b>	Interest rate on relevant Term Advance/Index Linked Advances:	2.875 per cent. per annum
<b>29</b>	Term of relevant Term Advance/Index Linked Advances:	Until 3 May 2027, or if the Bonds are redeemed early

**DISTRIBUTION****Method of distribution****Syndicated**

<b>30</b>	If syndicated, names of Managers:	BNP Paribas, HSBC Bank plc, J.P. Morgan Securities plc, MUFG Securities EMEA plc
	Stabilising Manager (if any):	BNP Paribas
<b>31</b>	If non-syndicated, name of Dealer:	Not Applicable
<b>32</b>	U.S. Selling Restrictions:	Reg. S Compliance Category 2; TEFRA D

Signed on behalf of the Issuer:

By:   
Duly authorised

Signed on behalf of Thames Water Utilities Limited:

By:   
Duly authorised

Signed on behalf of Thames Water Utilities Holdings Limited:

By:   
Duly authorised

Signed on behalf of Thames Water Utilities Finance Limited:

By:   
Duly authorised

Signed on behalf of Thames Water Utilities Cayman Finance Holdings Limited:

By:   
Duly authorised

**PART B  
OTHER INFORMATION**

- 1 Listing**
- (i) Listing: Listed on the Official List of the Irish Stock Exchange
- (ii) Admission to trading: Application has been made for the Bonds to be admitted to trading on the Main Securities Market of the Irish Stock Exchange.
- (iii) Estimate of total expenses related to admission to trading: EUR 600
- 2 Ratings**
- Ratings: The Bonds to be issued have been rated:  
Standard & Poor's Credit Market Services Europe Limited: BBB  
Moody's Investors Service Limited: Baa3
- 3 Interests of Natural and Legal Persons involved in the Issue/Offer**
- Same as discussed in Chapter 12, "*Subscription and Sale*" of the base prospectus, so far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer.
- 4 Reasons for the offer, estimated net proceeds and total expenses**
- Reasons for the offer: See Chapter 9, "*Use of Proceeds*" in Prospectus
- 5 Fixed Rate Bonds only – Yield**
- Indication of yield: 2.988 per cent. per annum
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
- 6 Operational information**
- ISIN: XS1605393054
- Common Code: 160539305
- Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme* and the relevant identification number(s): Not Applicable
- Delivery: Delivery against payment

Names and addresses of initial  
Paying Agent(s):

Deutsche Bank AG, London Branch  
Winchester House, 1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

Names and addresses of  
additional Paying Agent(s) (if  
any):

Not Applicable

**7 Final Terms of the Series 25 Bonds (as amended by the Deed of Variation and the Deed of Amendment)**

*[See overleaf]*



## FINAL TERMS

**IMPORTANT – EEA RETAIL INVESTORS** - The Bonds are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (“**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive (as defined below). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Final Terms dated 4 December 2017

### THAMES WATER UTILITIES CAYMAN FINANCE LIMITED

Issue of CAD250,000,000 2.875 per cent. Class A Guaranteed Unwrapped Bonds due 12 December 2024

unconditionally and irrevocably guaranteed as to scheduled payments of principal and interest

under the £10,000,000,000 Guaranteed Bond Programme

### PART A CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the base prospectus dated 10 October 2017 which constitutes (i) a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) as amended to the extent implemented (the “Prospectus Directive”). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such base prospectus. Full information on the Issuer, the Guarantors and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the base prospectus. The base prospectus is available on the website of the Central Bank of Ireland at: <http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx> and the website of the Irish Stock Exchange at <http://www.ise.ie/>.

Repayment of the principal and payment of any interest or premium in connection with the Bonds has not been guaranteed by any Financial Guarantor or by any other financial institution.

1	(i) Issuer:	Thames Water Utilities Cayman Finance Limited
	(i) Guarantors:	Thames Water Utilities Holdings Limited, Thames Water Utilities Limited, Thames Water Utilities Finance Limited and Thames Water Utilities Cayman Finance Holdings Limited
2	(i) Series Number:	25
	(ii) Sub-Class Number:	1

3	Relevant Currency or Currencies:	Canadian Dollars (“CAD”)
4	Aggregate Nominal Amount:	
	(i) Series:	CAD250,000,000
	(ii) Sub-Class:	Not Applicable
	(iii) Tranche:	CAD250,000,000
5	(i) Issue Price:	99.241 per cent. of the Aggregate Nominal Amount
	(ii) Net proceeds:	Not Applicable
6	(i) Specified Denominations:	CAD200,000 and integral multiples of CAD1,000 in excess thereof up to and including CAD399,000. No Bonds in definitive form will be issued with a denomination above CAD399,000.
	(ii) Calculation Amount	CAD1,000
7	(i) Issue Date:	12 December 2017
	(ii) Interest Commencement Date (if different from the Issue Date):	Issue Date
8	Maturity Date:	12 December 2024
9	Instalment Date:	Not Applicable
10	Interest Basis:	2.875 per cent. Fixed Rate
11	Redemption/Payment Basis:	Redemption at par
12	Call Options:	Not Applicable
13	(i) Status:	Class A Unwrapped Bonds
	(ii) Date Board approval for issuance of Bonds and Guarantee obtained:	27 September 2017

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14	Fixed Rate Bond Provisions:	Applicable
	(i) Interest Rate:	2.875 per cent. per annum payable semi-annually in arrear
	(ii) Interest Payment Date(s):	12 June and 12 December in each year, commencing 12 June 2018, not adjusted
	(iii) Fixed Coupon Amounts:	CAD14.375 per Calculation Amount, payable on each

		Interest Payment Date
	(iv) Broken Amounts:	Not Applicable
	(v) Day Count Fraction:	For calculation of Fixed Coupon Amounts, 30/360. For calculation of an amount of interest other than the Fixed Coupon Amount payable on each Interest Payment Date, Actual/365 (Fixed).
	(vi) Determination Date:	Not Applicable
	(vii) Reference Gilt:	Not Applicable
15	Floating Rate Bond Provisions:	Not Applicable
16	Zero Coupon Bond Provisions:	Not Applicable
17	Indexed Bond Provisions:	Not Applicable
18	Dual Currency Bond Provisions:	Not Applicable
<b>PROVISIONS RELATING TO REDEMPTION</b>		
19	Call Option:	Not Applicable
20	Final Redemption Amount:	CAD1,000 per Calculation Amount
<b>GENERAL PROVISIONS APPLICABLE TO THE BONDS</b>		
21	Form of Bonds:	Registered
	If Registered Bonds:	Global Bond Certificate exchangeable for Individual Bond Certificates as set out in the Global Bond Certificate
22	Relevant Financial Centre(s):	Toronto and London
23	Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature):	No
24	Details relating to Instalment Bonds:	Not Applicable
25	Redenomination, renominalisation and reconventioning provisions:	Not Applicable
26	TEFRA rules:	TEFRA Not Applicable
<b>ISSUER/TWUL LOAN TERMS</b>		
27	Amount of relevant Term Advance/Index Linked Advances:	GBP143,554,407.12

28	Interest rate on relevant Term Advance/Index Linked Advances:	Such rate as agreed between the Issuer and its swap providers
29	Term of relevant Term Advance/Index Linked Advances:	Until 12 December 2024, or if the Bonds are redeemed early, such earlier date

**DISTRIBUTION****Method of distribution****Syndicated**

30 (i) If syndicated, names of Managers:

*Joint Lead Managers:*

HSBC Securities (Canada) Inc.  
9<sup>th</sup> Floor  
70 York Street  
Toronto, ON M5J1S9  
Canada

RBC Dominion Securities Inc.  
2nd Floor, North Tower  
Royal Bank Plaza, 200 Bay Street  
Toronto, ON M5J 2W7  
Canada

Scotia Capital Inc.  
40 King Street West  
Toronto, ON M5H 1H1  
Canada

31 If non-syndicated, name of Dealer:

Not Applicable

32 U.S. Selling Restrictions:

Reg. S Compliance Category 2; TEFRA Not Applicable

Signed on behalf of the Issuer:

By: Stephen Wheeler  
Duly authorised

Signed on behalf of Thames Water Utilities Limited:

By: Stephen Wheeler  
Duly authorised

Signed on behalf of Thames Water Utilities Holdings Limited:

By: Stephen Wheeler  
Duly authorised

Signed on behalf of Thames Water Utilities Finance Limited:

By: Stephen Wheeler  
Duly authorised

Signed on behalf of Thames Water Utilities Cayman Finance Holdings Limited:

By: Stephen Wheeler  
Duly authorised



indication of future yield.

6 **Operational information**

ISIN:	CAG8787NAB06
Common Code:	173430418
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking <i>société anonyme</i> and the relevant identification number(s):	CDS Clearing and Depository Services Inc. 85 Richmond Street West, Toronto, Ontario Canada M5H 2C9  CUSIP: G8787NAB0
Delivery:	Delivery against payment
Names and addresses of initial Paying Agent(s):	Computershare Trust Company of Canada 100 University Avenue, 11 <sup>th</sup> Floor Toronto, Ontario M5J 2Y1 Canada
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

7 **Green Bonds**

Not Applicable

**8 Final Terms of the Series 26 Bonds (as amended by the Deed of Variation and the Deed of Amendment)**

*[See overleaf]*



## FINAL TERMS

**IMPORTANT – PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** –The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU as amended (“**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in point (11) of Article 4(1) of MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Final Terms dated 20 April 2020

### THAMES WATER UTILITIES FINANCE PLC

LEI 213800ESMPQ4RQ7G8351

Issue of £350,000,000 Class A 2.375 per cent. Guaranteed Unwrapped Bonds due 22 April 2040

under the £10,000,000,000 Guaranteed Bond Programme

### PART A

### CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the base prospectus dated 2 April 2020 which constitutes a base prospectus for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Bonds described herein for the purposes of the Prospectus Regulation and must be read in conjunction with such base prospectus in order to obtain all the relevant information. The base prospectus is available on the website of the Irish Stock Exchange, trading as Euronext Dublin at: <https://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/Dept-Security-Documents/?progID=834&uID=7173&FIELDSORT=docId>.

- |   |                  |  |
|---|------------------|--|
| 1 | (i) Issuer:      | Thames Water Utilities Finance PLC   |
|   | (ii) Guarantors: | Thames Water Utilities Holdings Limited and Thames Water Utilities Limited |

2	(i) Series Number:	26
	(ii) Sub-Class Number:	Not Applicable
3	Relevant Currency or Currencies:	Sterling (£)
4	Aggregate Nominal Amount:	
	(i) Series:	£350,000,000
	(ii) Sub-Class:	Not Applicable
	(iii) Tranche:	£350,000,000
5	(i) Issue Price:	99.286 per cent. of the Aggregate Nominal Amount
	(ii) Net proceeds:	£346,626,000
6	(i) Specified Denominations:	£100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Bonds in definitive form will be issued with a denomination above £199,000.
	(ii) Calculation Amount	£1,000
7	(i) Issue Date:	22 April 2020
	(ii) Interest Commencement Date (if different from the Issue Date):	Issue Date
8	Maturity Date:	22 April 2040 adjusted for payment purposes only in accordance with the Following Business Day Convention
9	Instalment Date:	Not Applicable
10	Interest Basis:	2.375 per cent. Fixed Rate
11	Redemption/Payment Basis:	Redemption at par
12	Call Options:	Applicable Call Option
13	(i) Status:	Class A Unwrapped Bonds
	(ii) Date of Board approval for issuance of Bonds and Guarantee obtained:	9 April 2020 and 8 April 2020, respectively

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14	Fixed Rate Bond Provisions:	Applicable
	(i) Interest Rate:	2.375 per cent. per annum payable annually in arrear

	(ii) Interest Payment Date(s):	22 April in each year commencing 22 April 2021 adjusted for payment purposes only in accordance with the Following Business Day Convention
	(iii) Fixed Coupon Amounts:	£23.75 per Calculation Amount
	(iv) Broken Amounts:	Not Applicable
	(v) Day Count Fraction:	Actual/Actual (ICMA)
	(vi) Determination Date:	22 April in each year
15	Floating Rate Bond Provisions:	Not Applicable
16	Zero Coupon Bond Provisions:	Not Applicable
17	Indexed Bond Provisions:	Not Applicable
18	Dual Currency Bond Provisions:	Not Applicable

#### **PROVISIONS RELATING TO REDEMPTION**

19	Issuer Maturity Call	Not Applicable
20	Call Option:	Applicable in accordance with Condition 8(b) with the applicable Reference Gilt being UKT 4.250 per cent. due December 2040
	(i) Optional Redemption Date(s):	Any Interest Payment Date
	(ii) Optional Redemption Amount(s):	Calculated in accordance with Condition 8(b)
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	Not Applicable
	(b) Maximum Redemption Amount:	Not Applicable
	(iv) Notice period:	As per Condition 8(b)
21	Final Redemption Amount:	£1,000 per Calculation Amount

#### **GENERAL PROVISIONS APPLICABLE TO THE BONDS**

22	Form of Bonds:	Bearer
	(i) If issued in Bearer form:	Temporary Global Bond exchangeable for a Permanent Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond/for tax reasons.

	(ii) If Registered Bonds:	Not Applicable
23	Relevant Financial Centre(s):	London
24	Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature):	No
25	Details relating to Instalment Bonds:	Not Applicable
26	Redenomination, renominatisation and reconventioning provisions:	Not Applicable
27	TEFRA rules:	TEFRA D
<b>ISSUER/TWUL LOAN TERMS</b>		
28	Amount of relevant Term Advance:	£350,000,000
29	Interest rate on relevant Term Advance:	2.375 per cent. per annum payable annually in arrear
30	Term of relevant Term Advance:	Until 22 April 2040, or earlier if the Bonds are redeemed early.
<b>DISTRIBUTION</b>		
<b>Method of distribution</b>		<b>Syndicated</b>
31	(i) If syndicated, names of Managers:	Banco Santander, S.A., BNP Paribas, NatWest Markets Plc and RBC Europe Limited
	(ii) Stabilising Manager (if any):	NatWest Markets Plc
32	If non-syndicated, name of Dealer:	Not Applicable
33	U.S. Selling Restrictions:	Reg. S Compliance Category 2; TEFRA D

Signed on behalf of the Issuer:

By: ..... *AJ Stevens* .....  
Duly authorised

Signed on behalf of Thames Water Utilities Limited:

By: ..... *AJ Stevens* .....  
Duly authorised

Signed on behalf of Thames Water Utilities Holdings Limited:

By: ..... *AJ Stevens* .....  
Duly authorised



5	<b>Fixed Rate Bonds only – Yield</b>	
	Indication of yield:	2.420 per cent. per annum  The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
6	<b>Operational information</b>	
	ISIN:	XS2161831776
	Common Code:	216183177
	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	Not Applicable
	Delivery:	Delivery against payment
	Names and addresses of initial Paying Agent(s):	Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable
	Intended to be held in a manner which would allow Eurosystem eligibility	No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Bonds are capable of meeting them the Bonds may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.
7	<b>Green Bonds</b>	Not Applicable

**9 Final Terms of the Series 27 Bonds (as amended by the Deed of Variation and the Deed of Amendment)**

*[See overleaf]*



## FINAL TERMS

**IMPORTANT – PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** –The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU as amended (“**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in point (11) of Article 4(1) of MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

Final Terms dated 6 May 2020

### THAMES WATER UTILITIES FINANCE PLC

LEI 213800ESMPQ4RQ7G8351

Issue of £40,000,000 Class A 2.442 per cent. Guaranteed Unwrapped Bonds due 12 May 2050

under the £10,000,000,000 Guaranteed Bond Programme

### PART A

### CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the base prospectus dated 2 April 2020 which constitutes a base prospectus for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Bonds described herein for the purposes of the Prospectus Regulation and must be read in conjunction with such base prospectus in order to obtain all the relevant information. The base prospectus is available on the website of the Irish Stock Exchange, trading as Euronext Dublin at: <https://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/Dept-Security-Documents/?progID=834&uID=7173&FIELDSORT=docId>.

- |   |                  |  |
|---|------------------|--|
| 1 | (i) Issuer:      | Thames Water Utilities Finance PLC   |
|   | (ii) Guarantors: | Thames Water Utilities Holdings Limited and Thames Water Utilities Limited |

2	(i) Series Number:	27
	(ii) Sub-Class Number:	Not Applicable
3	Relevant Currency or Currencies:	Sterling (£)
4	Aggregate Nominal Amount:	
	(i) Series:	£40,000,000
	(ii) Sub-Class:	Not Applicable
	(iii) Tranche:	£40,000,000
5	(i) Issue Price:	100 per cent. of the Aggregate Nominal Amount
	(ii) Net proceeds:	£39,980,000
6	(i) Specified Denominations:	£100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Bonds in definitive form will be issued with a denomination above £199,000.
	(ii) Calculation Amount	£1,000
7	(i) Issue Date:	12 May 2020
	(ii) Interest Commencement Date (if different from the Issue Date):	Issue Date
8	Maturity Date:	12 May 2050 adjusted for payment purposes only in accordance with the Following Business Day Convention
9	Instalment Date:	Not Applicable
10	Interest Basis:	2.442 per cent. Fixed Rate
11	Redemption/Payment Basis:	Redemption at par
12	Call Options:	Applicable Call Option
13	(i) Status:	Class A Unwrapped Bonds
	(ii) Date of Board approval for issuance of Bonds and Guarantee obtained:	27 April 2020 in respect of the Issuer, 24 April 2020 in respect of Thames Water Utilities Holdings Limited and 27 November 2019 in respect of Thames Water Utilities Limited

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14	Fixed Rate Bond Provisions:	Applicable
	(i) Interest Rate:	2.442 per cent. per annum payable annually in arrear

	(ii) Interest Payment Date(s):	12 May in each year commencing 12 May 2021 adjusted for payment purposes only in accordance with the Following Business Day Convention
	(iii) Fixed Coupon Amounts:	£24.42 per Calculation Amount
	(iv) Broken Amounts:	Not Applicable
	(v) Day Count Fraction:	Actual/Actual (ICMA)
	(vi) Determination Date:	12 May in each year
15	Floating Rate Bond Provisions:	Not Applicable
16	Zero Coupon Bond Provisions:	Not Applicable
17	Indexed Bond Provisions:	Not Applicable
18	Dual Currency Bond Provisions:	Not Applicable

#### **PROVISIONS RELATING TO REDEMPTION**

19	Issuer Maturity Call	Not Applicable
20	Call Option:	Applicable in accordance with Condition 8(b) with the applicable Reference Gilt being UKT 4.250 per cent. due December 2049
	(i) Optional Redemption Date(s):	Any Interest Payment Date
	(ii) Optional Redemption Amount(s):	Calculated in accordance with Condition 8(b)
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	Not Applicable
	(b) Maximum Redemption Amount:	Not Applicable
	(iv) Notice period:	As per Condition 8(b)
21	Final Redemption Amount:	£1,000 per Calculation Amount

#### **GENERAL PROVISIONS APPLICABLE TO THE BONDS**

22	Form of Bonds:	Bearer
	(i) If issued in Bearer form:	Temporary Global Bond exchangeable for a Permanent Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond/for tax reasons.

	(ii) If Registered Bonds:	Not Applicable
23	Relevant Financial Centre(s):	London
24	Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature):	No
25	Details relating to Instalment Bonds:	Not Applicable
26	Redenomination, renominatisation and reconventioning provisions:	Not Applicable
27	TEFRA rules:	TEFRA D
<b>ISSUER/TWUL LOAN TERMS</b>		
28	Amount of relevant Term Advance:	£40,000,000
29	Interest rate on relevant Term Advance:	2.442 per cent. per annum payable annually in arrear
30	Term of relevant Term Advance:	Until 12 May 2050, or earlier if the Bonds are redeemed early.


## **DISTRIBUTION**

### **Method of distribution**


### **Non-Syndicated**

31	(i) If syndicated, names of Managers:	Not Applicable
	(ii) Stabilising Manager (if any):	Not Applicable
32	If non-syndicated, name of Dealer:	NatWest Markets Plc
33	U.S. Selling Restrictions:	Reg. S Compliance Category 2; TEFRA D

Signed on behalf of the Issuer:

By:   
.....  
Duly authorised

Signed on behalf of Thames Water Utilities Limited:

By:   
.....  
Duly authorised

Signed on behalf of Thames Water Utilities Holdings Limited:

By: .....  
Duly authorised

Signed on behalf of the Issuer:

By: .....  
Duly authorised

Signed on behalf of Thames Water Utilities Limited:

By: .....  
Duly authorised

Signed on behalf of Thames Water Utilities Holdings Limited:

By: *AJ Stevens* .....  
Duly authorised



5	<b>Fixed Rate Bonds only – Yield</b>	
	Indication of yield:	2.442 per cent. per annum  The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
6	<b>Operational information</b>	
	ISIN:	XS2168290000
	Common Code:	216829000
	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	Not Applicable
	Delivery:	Delivery against payment
	Names and addresses of initial Paying Agent(s):	Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable
	Intended to be held in a manner which would allow Eurosystem eligibility	No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Bonds are capable of meeting them the Bonds may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.
7	<b>Green Bonds</b>	Not Applicable



**10 Final Terms of the Series 30 Bonds (as amended by the Deed of Variation and the Deed of Amendment)**

*[See overleaf]*

## FINAL TERMS

**IMPORTANT – PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** –The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU as amended (“**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in point (11) of Article 4(1) of MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

Final Terms dated 10 November 2020

### THAMES WATER UTILITIES FINANCE PLC

LEI 213800ESMPQ4RQ7G8351

Issue of US\$57,000,000 2.06 per cent. Class A Unwrapped Bonds due November 2030

under the £10,000,000,000 Guaranteed Bond Programme

### PART A

#### CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the base prospectus dated 2 September 2020 which constitutes a base prospectus for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Bonds described herein for the purposes of the Prospectus Regulation and must be read in conjunction with such base prospectus in order to obtain all the relevant information. The base prospectus is available on the website of the Irish Stock Exchange, trading as Euronext Dublin at: <https://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/Dept-Security-Documents/?progID=834&uID=7173&FIELDSORT=docId>.

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(i) Issuer:

Thames Water Utilities Finance plc

	(ii) Guarantors:	Thames Water Utilities Holdings Limited and Thames Water Utilities Limited
2	(i) Series Number:	30
	(ii) Sub-Class Number:	Not Applicable
3	Relevant Currency or Currencies:	United States Dollars (“US\$”)
4	Aggregate Nominal Amount:	
	(i) Series:	US\$57,000,000
	(ii) Sub-Class:	Not Applicable
	(iii) Tranche:	US\$57,000,000
5	(i) Issue Price:	100.00 per cent. of the Aggregate Nominal Amount
	(ii) Net proceeds:	\$56,857,500
6	(i) Specified Denominations:	US\$200,000 and integral multiples of \$1,000 in excess thereof up to and including US\$399,000.
	(ii) Calculation Amount	US\$1,000
7	(i) Issue Date:	12 November 2020
	(ii) Interest Commencement Date (if different from the Issue Date):	Not Applicable
8	Maturity Date:	12 November 2030 adjusted for payment purposes only in accordance with the Following Business Day Convention
9	Instalment Date:	Not Applicable
10	Interest Basis:	2.06 per cent. per annum. Fixed Rate
11	Redemption/Payment Basis:	Redemption at par
12	Call Options:	Not Applicable
13	(i) Status:	Class A Unwrapped Bonds
	(ii) Date of Board approval for issuance of Bonds and Guarantee obtained:	7 July 2020 in respect of the Issuer, 25 June 2020 in respect of Thames Water Utilities Holdings Limited and 24 June 2020 in respect of Thames Water Utilities Limited

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14	Fixed Rate Bond Provisions:	Applicable
	(i) Interest Rate:	2.06 per cent. per annum payable semi-annually in arrear
	(ii) Interest Payment Date(s):	12 May and 12 November in each year, from and including 12 May 2021, up to and including the Maturity Date adjusted for payment purposes only in

		accordance with the Following Business Day Convention
	(iii) Fixed Coupon Amounts:	\$10.30 per Calculation Amount
	(iv) Broken Amounts:	Not Applicable
	(v) Day Count Fraction:	30/360
	(vi) Determination Date:	Not Applicable
	(vii) Reference Gilt:	Not Applicable
15	Floating Rate Bond Provisions:	Not Applicable
16	Zero Coupon Bond Provisions:	Not Applicable
17	Indexed Bond Provisions:	Not Applicable
18	Dual Currency Bond Provisions:	Not Applicable

#### **PROVISIONS RELATING TO REDEMPTION**

19	Issuer Maturity Call	Not Applicable
20	Call Option:	Not Applicable
21	Final Redemption Amount:	Par

#### **GENERAL PROVISIONS APPLICABLE TO THE BONDS**

22	Form of Bonds:	Bearer
	(i) If issued in Bearer form:	Temporary Global Bond exchangeable for a Permanent Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond
	(ii) If Registered Bonds:	Not Applicable
23	Relevant Financial Centre(s):	London, New York and Tokyo
24	Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature):	No
25	Details relating to Instalment Bonds:	Not Applicable
26	Redenomination, renominisation and reconventioning provisions:	Not Applicable
27	TEFRA rules:	TEFRA D

## ISSUER/TWUL LOAN TERMS

The Issuer will enter into one or more swap transactions in respect of the proceeds of the Bonds (“XCCY Swaps”) prior to on-lending such monies to TWUL. Pursuant to the XCCY Swaps, the proceeds of the Bonds will be converted into sterling.

28	Amount of relevant Term Advance/Index Linked Advances:	An amount equal to the sterling amount received under the XCCY Swaps
29	Interest rate on relevant Term Advance/Index Linked Advances:	A rate equal to the rate under the XCCY Swaps
30	Term of relevant Term Advance/Index Linked Advances:	Until 12 November 2030, or earlier if the Bonds are redeemed early.

## DISTRIBUTION

### Method of distribution

### Non-syndicated

31	(i) If syndicated, names of Managers:	Not Applicable
	(ii) Stabilising Manager (if any):	Not Applicable
32	If non-syndicated, name of Dealer:	MUFG Securities EMEA plc
33	U.S. Selling Restrictions:	Reg. S Compliance Category 2; TEFRA D





defined below) meeting the Eligibility Criteria (as defined below).

**“Eligible Green Projects”** means sustainable water management projects with a reduced climate footprint and water recycling projects with a reduced climate footprint.

**“Eligible Green Portfolio”** means a portfolio of Eligible Green Projects.

**“Eligibility Criteria”** means the criteria prepared by the Issuer and/or TWUL. A third party consultant will review the Eligible Green Portfolio and issue a Green Portfolio Opinion based on the Eligibility Criteria. The Green Portfolio Opinion will be made available on the Issuer's website at [www.thameswater.co.uk](http://www.thameswater.co.uk).

Pending allocation of the net proceeds for investment in the Eligible Green Portfolio, the Issuer and/or TWUL will hold such net proceeds in an Operating Account, at its discretion, in the form of cash or other investments (as permitted under the Common Terms Agreement). The balance of the Eligible Green Portfolio, until such amount is used in full, will be periodically adjusted to match allocations to Eligible Green Projects. The Issuer and/or TWUL will establish systems to monitor and account for the net proceeds for investment in the Eligible Green Portfolio meeting the Eligibility Criteria.

The Issuer is expected to issue a report on (i) the portfolio to which proceeds of Green Bonds have been allocated and the amounts allocated and (ii) the expected impact of the Eligible Green Portfolio on the environment. This report will be issued once a year until all Green Bonds are repaid in full or until the maturity date of those Green Bonds. The report will be reviewed by a third party consultant or with limited assurance by an independent auditor. In addition, the Issuer is expected to provide regular information through its website [www.thameswater.co.uk](http://www.thameswater.co.uk) on the environmental outcomes of the Eligible Green Portfolio.

(ii) Estimated net proceeds: \$56,857,500



5	<b>Fixed Rate Bonds only – Yield</b>	
	Indication of yield:	2.06 per cent. per annum  The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
6	<b>Operational information</b>	
	ISIN:	XS2254339331
	Common Code:	225433933
	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	Not Applicable
	Delivery:	Delivery against payment
	Names and addresses of initial Paying Agent(s):	Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable
	Intended to be held in a manner which would allow Eurosystem eligibility	No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Bonds are capable of meeting them the Bonds may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met
7	<b>Green Bonds</b>	Applicable

**11 Final Terms of the Series 31 Bonds (as amended by the Deed of Variation and the Deed of Amendment)**

*[See overleaf]*

## FINAL TERMS

**IMPORTANT – PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** –The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU as amended (“**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in point (11) of Article 4(1) of MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

Final Terms dated 22 December 2020

### THAMES WATER UTILITIES FINANCE PLC

LEI 213800ESMPQ4RQ7G8351

Issue of US\$40,000,000 1.604 per cent. Class A Unwrapped Bonds due December 2027

under the £10,000,000,000 Guaranteed Bond Programme

### PART A CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the base prospectus dated 2 September 2020 which constitutes a base prospectus for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Bonds described herein for the purposes of the Prospectus Regulation and must be read in conjunction with such base prospectus in order to obtain all the relevant information. The base prospectus is available on the website of the Irish Stock Exchange, trading as Euronext Dublin at: <https://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/Dept-Security-Documents/?progID=834&uID=7173&FIELDSORT=docId>.

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(i) Issuer:

Thames Water Utilities Finance plc

	(ii) Guarantors:	Thames Water Utilities Holdings Limited and Thames Water Utilities Limited
2	(i) Series Number:	31
	(ii) Sub-Class Number:	Not Applicable
3	Relevant Currency or Currencies:	United States Dollars (“US\$”)
4	Aggregate Nominal Amount:	
	(i) Series:	US\$40,000,000
	(ii) Sub-Class:	Not Applicable
	(iii) Tranche:	US\$40,000,000
5	(i) Issue Price:	100.00 per cent. of the Aggregate Nominal Amount
	(ii) Net proceeds:	\$39,968,000
6	(i) Specified Denominations:	US\$200,000
	(ii) Calculation Amount	US\$200,000
7	(i) Issue Date:	23 December 2020
	(ii) Interest Commencement Date (if different from the Issue Date):	Not Applicable
8	Maturity Date:	23 December 2027 adjusted for payment purposes only in accordance with the Following Business Day Convention
9	Instalment Date:	Not Applicable
10	Interest Basis:	1.604 per cent. per annum. Fixed Rate
11	Redemption/Payment Basis:	Redemption at par
12	Call Options:	Applicable Call Option
13	(i) Status:	Class A Unwrapped Bonds
	(ii) Date of Board approval for issuance of Bonds and Guarantee obtained:	7 July 2020 in respect of the Issuer, 25 June 2020 in respect of Thames Water Utilities Holdings Limited and 24 June 2020 in respect of Thames Water Utilities Limited

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14	Fixed Rate Bond Provisions:	Applicable
	(i) Interest Rate:	1.604 per cent. per annum payable semi-annually in arrear
	(ii) Interest Payment Date(s):	23 December and 23 June in each year, from and including 23 June 2021, up to and including the Maturity Date adjusted for payment purposes only in

		accordance with the Following Business Day Convention
	(iii) Fixed Coupon Amounts:	\$1,604.00 per Calculation Amount
	(iv) Broken Amounts:	Not Applicable
	(v) Day Count Fraction:	30/360
	(vi) Determination Date:	Not Applicable
	(vii) Reference Gilt:	Not Applicable
15	Floating Rate Bond Provisions:	Not Applicable
16	Zero Coupon Bond Provisions:	Not Applicable
17	Indexed Bond Provisions:	Not Applicable
18	Dual Currency Bond Provisions:	Not Applicable

#### **PROVISIONS RELATING TO REDEMPTION**

19	Issuer Maturity Call	Not Applicable
20	Call Option:	Applicable in accordance with Condition 8(b) with the applicable Reference Gilt being the U.S. Treasury 0.625% due 30 November 2027 (ISIN: US91282CAY75) and for these purposes, the Gross Redemption Yield shall be the sum of the Gross Redemption Yield as set out in Condition 8(b) plus 0.15%.
21	Final Redemption Amount:	Par

#### **GENERAL PROVISIONS APPLICABLE TO THE BONDS**

22	Form of Bonds:	Bearer
	(i) If issued in Bearer form:	Temporary Global Bond exchangeable for a Permanent Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond
	(ii) If Registered Bonds:	Not Applicable
23	Relevant Financial Centre(s):	London, New York and Tokyo
24	Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature):	No
25	Details relating to Instalment Bonds:	Not Applicable

26	Redenomination, renominatisation and reconventioning provisions:	Not Applicable
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27	TEFRA rules:	TEFRA D
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**ISSUER/TWUL LOAN TERMS**

The Issuer will enter into one or more swap transactions in respect of the proceeds of the Bonds (“**XCCY Swaps**”) prior to on-lending such monies to TWUL. Pursuant to the XCCY Swaps, the proceeds of the Bonds will be converted into sterling.

28	Amount of relevant Term Advance/Index Linked Advances:	An amount equal to the sterling amount received under the XCCY Swaps
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29	Interest rate on relevant Term Advance/Index Linked Advances:	A rate equal to the rate under the XCCY Swaps
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30	Term of relevant Term Advance/Index Linked Advances:	Until 23 December 2027, or earlier if the Bonds are redeemed early.
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**DISTRIBUTION**

**Method of distribution**

**Non-syndicated**

31	(i) If syndicated, names of Managers:	Not Applicable
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	(ii) Stabilising Manager (if any):	Not Applicable
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32	If non-syndicated, name of Dealer:	NatWest Markets Plc
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33	U.S. Selling Restrictions:	Reg. S Compliance Category 2; TEFRA D
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Signed on behalf of the Issuer:

By: AJ Stevens  
Duly authorised

Signed on behalf of Thames Water Utilities Limited:

By: AJ Stevens  
Duly authorised

Signed on behalf of Thames Water Utilities Holdings Limited:

By: AJ Stevens  
Duly authorised

**PART B**  
**OTHER INFORMATION**

1        **Listing**

- |   |   |
|---|---|
| (i) Listing:  | Listed on the Official List of Euronext Dublin  |
| (ii) Admission to trading:  | Application has been made for the Bonds to be admitted to trading on the Regulated Market of Euronext Dublin. |
| (iii) Estimate of total expenses related to admission to trading: | EUR 1,000   |

2        **Ratings**

- Ratings:
- The Bonds to be issued are expected to be rated:  
S&P Global Ratings Europe Limited: BBB+  
Moody's Investors Service Limited: Baa1
- As defined by S&P, a BBB+ rating means that the obligations of the Obligors exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the Obligors' capacity to meet their financial commitments on the obligation. The addition of the plus (+) sign indicates a ranking in the higher end of the 'BBB' rating category.
- As defined by Moody's, a Baa1 rating means that the obligations of the Obligors are considered medium grade and are subject to moderate credit risk and as such may possess certain speculative characteristics. The modifier 1 indicates a ranking in the higher end of the 'Baa' generic category.

3        **Interests of Natural and Legal Persons involved in the Issue/Offer**

Save as discussed in Chapter 12, "Subscription and Sale" of the base prospectus, so far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer.

4        **Reasons for the offer and estimated net proceeds**

- |                            |  |
|----------------------------|--|
| (i) Reasons for the offer: | Net proceeds from the issue of a Series of Bonds (the " <b>Green Bonds</b> ") to a green portfolio (the " <b>Green Portfolio</b> ") in order to finance, refinance and/or invest in Eligible Green Portfolio (as |
|----------------------------|--|



defined below) meeting the Eligibility Criteria (as defined below).

**“Eligible Green Projects”** means sustainable water management projects with a reduced climate footprint and water recycling projects with a reduced climate footprint.

**“Eligible Green Portfolio”** means a portfolio of Eligible Green Projects.

**“Eligibility Criteria”** means the criteria prepared by the Issuer and/or TWUL. A third party consultant will review the Eligible Green Portfolio and issue a Green Portfolio Opinion based on the Eligibility Criteria. The Green Portfolio Opinion will be made available on the Issuer's website at [www.thameswater.co.uk](http://www.thameswater.co.uk).

Pending allocation of the net proceeds for investment in the Eligible Green Portfolio, the Issuer and/or TWUL will hold such net proceeds in an Operating Account, at its discretion, in the form of cash or other investments (as permitted under the Common Terms Agreement). The balance of the Eligible Green Portfolio, until such amount is used in full, will be periodically adjusted to match allocations to Eligible Green Projects. The Issuer and/or TWUL will establish systems to monitor and account for the net proceeds for investment in the Eligible Green Portfolio meeting the Eligibility Criteria.

The Issuer is expected to issue a report on (i) the portfolio to which proceeds of Green Bonds have been allocated and the amounts allocated and (ii) the expected impact of the Eligible Green Portfolio on the environment. This report will be issued once a year until all Green Bonds are repaid in full or until the maturity date of those Green Bonds. The report will be reviewed by a third party consultant or with limited assurance by an independent auditor. In addition, the Issuer is expected to provide regular information through its website [www.thameswater.co.uk](http://www.thameswater.co.uk) on the environmental outcomes of the Eligible Green Portfolio.

(ii) Estimated net proceeds: \$39,968,000

5	<b>Fixed Rate Bonds only – Yield</b>	
	Indication of yield:	1.604 per cent. per annum  The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
6	<b>Operational information</b>	
	ISIN:	XS2278588343
	Common Code:	227858834
	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	Not Applicable
	Delivery:	Delivery against payment
	Names and addresses of initial Paying Agent(s):	Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable
	Intended to be held in a manner which would allow Eurosystem eligibility	No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Bonds are capable of meeting them the Bonds may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met
7	<b>Green Bonds</b>	Applicable

## CHAPTER 4 USE OF PROCEEDS

1. In respect of the Series 17 Bonds, the Series 18 Bonds, the Series 19 Bonds, the Series 20 Bonds, the Series 22 Bonds and the Series 24 Bonds:

The proceeds from each issue of the Bonds were on-lent to TWUL under the terms of further Issuer/TWUL Loan Agreements to be applied for TWUL for general corporate purposes or used to repay or service TWUL's Financial Indebtedness.

2. In respect of the Series 25 Bonds:

The net proceeds from each issue of Bonds were on-lent to TWUL under the terms of further Issuer/TWUL Loan Agreements to be applied by TWUL for its general corporate purposes or used to repay or service TWUL's Financial Indebtedness.

If, in respect of any particular issue, there was a particular identified use of proceeds, this was stated in the applicable Final Terms. An example of such particular identified use of proceeds may be, if so designated in the relevant Final Terms, the allocation of net proceeds from the issue of a Series of Bonds (the "**Green Bonds**") to the financing, refinancing and/or investment in the Eligible Green Portfolio (as defined below) meeting the Eligibility Criteria (as defined below) or other portfolio with environmental benefits which meet certain defined criteria as set out in the applicable Final Terms. The Final Terms specified whether or not the Bonds under an issuance were Green Bonds.

For the purposes of this Chapter:

"**Eligibility Criteria**" means the criteria prepared by the Issuer and/or TWUL. A third party consultant will review the Eligible Green Portfolio and issue a Green Portfolio Opinion based on the Eligibility Criteria. The Green Portfolio Opinion will be made available on the Issuer's website at [www.thameswater.co.uk](http://www.thameswater.co.uk).

"**Eligible Green Portfolio**" means a portfolio of Eligible Green Projects.

"**Eligible Green Projects**" means sustainable water management projects with a reduced climate footprint and water recycling projects with a reduced climate footprint.

Pending allocation of the net proceeds for investment in the Eligible Green Portfolio, the Issuer and/or TWUL held such net proceeds in an Operating Account, at its discretion, in the form of cash or other investments (as permitted under the Common Terms Agreement). The balance of the Eligible Green Portfolio, until such amount was used in full, was periodically adjusted to match allocations to Eligible Green Projects. The Issuer and/or TWUL established systems to monitor and account for the net proceeds for investment in the Eligible Green Portfolio meeting the Eligibility Criteria.

The Issuer is expected to issue a report on (i) the portfolio to which proceeds of Green Bonds were allocated and the amounts allocated and (ii) the expected impact of the Eligible Green Portfolio on the environment. This report will be issued once a year until all Green Bonds are repaid in full or until the Maturity Date of those Green Bonds. The report will be reviewed by a third party consultant or with limited assurance by an independent auditor. In addition, the Issuer is expected to provide regular information through its website [www.thameswater.co.uk](http://www.thameswater.co.uk) on the environmental outcomes of the Eligible Green Portfolio.

3. In respect of the Series 26 Bonds, the Series 27 Bonds, the Series 30 Bonds and the Series 31 Bonds:

The net proceeds from each issue of Bonds were on-lent to TWUL under the terms of further Issuer/TWUL Loan Agreements to be applied by TWUL for its general corporate purposes or used to repay or service TWUL's Financial Indebtedness.

If, in respect of any particular issue, there was a particular identified use of proceeds, this was stated in the applicable Final Terms. An example of such particular identified use of proceeds may be, if so designated in the relevant Final Terms, the allocation of net proceeds from the issue of a Series of Bonds (the "**Green Bonds**") to the financing, refinancing and/or investment in the Eligible Green Portfolio (as defined below) meeting the Eligibility Criteria (as defined below) or other portfolio with environmental benefits which meet certain defined criteria as set out in the applicable Final Terms. The Final Terms specified whether or not the Bonds under an issuance were Green Bonds.

"**Eligibility Criteria**" means the criteria prepared by the Issuer and/or TWUL. A third party consultant will review the Eligible Green Portfolio and issue a Green Portfolio Opinion based on the Eligibility Criteria. The Green Portfolio Opinion will be made available on the Issuer's website at <https://corporate.thameswater.co.uk/about-us/our-investors/debt-investors-disclaimer/debt-investors/debt-investor-documentation>. The Green Portfolio Opinion in respect of the Eligibility Criteria as at the date of the terms and conditions of the Series 26 Bonds, the Series 27 Bonds, the Series 30 Bonds and the Series 31 Bonds was prepared by DNV GL Business Assurance Services UK Limited and was dated 8 January 2018.

"**Eligible Green Portfolio**" means a portfolio of Eligible Green Projects.

"**Eligible Green Projects**" means sustainable water management projects with a reduced climate footprint and water recycling projects with a reduced climate footprint.

Pending allocation of the net proceeds for investment in the Eligible Green Portfolio, the Issuer and/or TWUL held such net proceeds in an Operating Account, at its discretion, in the form of cash or other investments (as permitted under the Common Terms Agreement). The balance of the Eligible Green Portfolio, until such amount was used in full, was periodically adjusted to match allocations to Eligible Green Projects. The Issuer and/or TWUL established systems to monitor and account for the net proceeds for investment in the Eligible Green Portfolio meeting the Eligibility Criteria.

The Issuer is expected to issue a report on (i) the portfolio to which proceeds of Green Bonds were allocated and the amounts allocated and (ii) the expected impact of the Eligible Green Portfolio on the environment. This report will be issued once a year until all Green Bonds are repaid in full or until the Maturity Date of those Green Bonds. The report will be reviewed by a third party consultant or with limited assurance by an independent auditor. In addition, the Issuer is expected to provide regular information through its website [www.thameswater.co.uk](http://www.thameswater.co.uk) on the environmental outcomes of the Eligible Green Portfolio.

## **CHAPTER 5**

### **TAX CONSIDERATIONS**

#### **General**

The comments below are of a general nature and are not intended to be exhaustive. Any Bondholders who are in doubt as to their own tax position should consult their professional advisers. In particular, Bondholders should be aware that the tax legislation of any jurisdiction where a Bondholder is resident or otherwise subject to taxation (as well as the jurisdictions discussed below) may have an impact on the tax consequences of an investment in the Bonds including in respect of any income received from the Bonds.

#### **UK Tax Considerations**

*The following is a general summary of the UK withholding tax treatment in relation to payments of principal and interest in respect of the Bonds as at the date of this Prospectus. These comments do not deal with other UK tax aspects of acquiring, holding or disposing of (including redeeming) Bonds. Prospective purchasers who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK should consult their professional advisers. In particular, Bondholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Bonds even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the UK. This summary as it applies to UK taxation is based upon UK law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs) as in effect on the date of this Prospectus and is subject to any change in law or practice (including retrospective change) that may take effect after such date.*

#### **UK Withholding Tax on UK Source Interest**

While the Bonds are and continue to be listed on a recognised stock exchange within the meaning of Section 1005 Income Tax Act 2007, payments of interest by the Issuer may be made without withholding or deduction for or on account of UK income tax. The London Stock Exchange is a “recognised stock exchange” for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List of the Financial Conduct Authority and are admitted to trading on the Main Market of the London Stock Exchange. In addition, even if the Bonds were not so listed, no withholding or deduction for or on account of UK income tax will apply if the relevant interest is not “yearly interest”.

In cases falling outside the exemption described above, interest on the Bonds will generally, unless another exemption or relief is available, be paid under deduction of UK income tax at the basic rate (currently 20 per cent.), subject to the availability of other reliefs under domestic law or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

If UK withholding tax is imposed, the Issuer will not pay additional amounts in respect of the Bonds.

#### **Payments by a Financial Guarantor under the Financial Guarantee**

The United Kingdom withholding tax treatment of payments by the Guarantor under the terms of the Financial Guarantee in respect of interest on the Bonds (or other amounts due under the Bonds other than the repayment of amounts subscribed for the Bonds) is uncertain. In particular, such payments by the Guarantor may not be eligible for the exemption from withholding on account of United Kingdom tax in respect of securities listed

on a recognised stock exchange described above in relation to payments of interest by the Issuer. Accordingly, if the Guarantor makes any such payments and they have a United Kingdom source, these may be subject to United Kingdom withholding tax at the basic rate (currently 20 per cent.).

### **Other Rules relating to United Kingdom Withholding Tax**

Some of the Bonds (being the Series 20 Bonds, the Series 22 Bonds, the Series 24 Bonds, the Series 25 Bonds and the Series 26 Bonds) were issued at an issue price of less than 100 per cent. of their principal amount. Any discount on such Bonds should not be subject to any UK withholding tax pursuant to the provisions mentioned in the section “*UK Withholding Tax on UK Source Interest*” above.

The Series 19 Bonds were issued with a redemption premium as opposed to being issued at a discount. As such, any element of such premium may constitute a payment of interest. Payments of interest are subject to UK withholding tax as outlined above.

Where interest has been paid under deduction of UK income tax, Bondholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to “interest” above mean “interest” as understood in UK tax law. The above statements do not take any account of any different definitions of “interest” or “principal” which may prevail under any other law or which may be created by the terms and conditions of the Bonds or any related documentation.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

### **Foreign Account Tax Compliance Act (“FATCA”)**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the UK) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes.

Certain aspects of the application of FATCA and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, proposed regulations have been issued that provide that such withholding would not apply to foreign passthru payments prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations.

Bondholders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds. In the event that any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

## CHAPTER 6 DISTRIBUTION, TRANSFER AND SELLING RESTRICTIONS

### **Selling and Transfer Restrictions of the United States of America**

#### ***Selling Restrictions***

The Bonds and the Guarantees in respect thereof have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, or in the case of Bearer Bonds, delivered, within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act and, in all cases, in accordance with any applicable state or local securities laws. Terms used in this paragraph have the meaning given to them in Regulation S. The Bonds and the Guarantees in respect thereof are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

Bearer Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 as amended (the “Code”) and U.S. Treasury regulations promulgated thereunder.

Bearer Bonds will be issued in accordance with U.S. Treasury Regulation §1.163-(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for the purposes of Section 4701 of the Code) (“TEFRA C”) or U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (“TEFRA D”), as specified in the relevant Final Terms relating to one or more Sub-Classes of Bearer Bonds.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Bonds outside the United States to non-U.S. persons in reliance on Regulation S. The Issuer and the Obligors reserve the right to reject any offer to purchase the Bonds, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States. Distribution of this Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

#### ***Transfer Restrictions***

Each purchaser of the Bonds and the Guarantees in respect thereof outside the United States pursuant to Regulation S and each subsequent purchaser of such Bonds and the Guarantees in respect thereof in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Prospectus and the Bonds and the Guarantees in respect thereof, will be deemed to have represented, agreed and acknowledged that:

- (a) It is, or at the time the Bonds and the Guarantees in respect thereof are purchased will be, the beneficial owner of such Bonds and the Guarantees in respect thereof; and (i) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S); and (ii) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.
- (b) It understands that such Bonds and the Guarantees in respect thereof have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge, deliver or otherwise transfer such Bonds and the Guarantees in respect thereof except in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, and in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States.

- (c) It understands that such Bonds, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend to the following:

“THIS BOND AND THE GUARANTEES IN RESPECT HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED, DELIVERED OR OTHERWISE TRANSFERRED, WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT.”

- (d) It understands that the Issuer, the Registrar and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

### **General**

Save for obtaining the approval of this Prospectus by the FCA in accordance with the UK Prospectus Regulation for the Bonds to be admitted to listing on the Official List and to trading on the Main Market, no action has been or will be taken in any jurisdiction by the Issuer or the other Obligors that would permit a public offering of Bonds, or possession or distribution of this Prospectus or any other offering material, in any jurisdiction where action for that purpose is required.



## **CHAPTER 7**

### **ADDITIONAL ISSUER DISCLOSURE**

*As noted on page 16 of this Prospectus, Chapter 5 “Description of the TWU Financing Group” and Chapter 6 “Regulation of the Water and Wastewater Industry in England and Wales” of the EMTN Prospectus are incorporated by reference herein. This Chapter 7 “Additional Issuer Disclosure” shall be read in conjunction with the disclosure incorporated by reference herein from the EMTN Prospectus.*

#### **Shareholder Funding**

The Kemble Shareholders provided £500 million in shareholder funding in March 2023 by way of £500 million of convertible loan notes to KWHL. The proceeds of these loan notes were then cascaded down to TWUL and were received by the TWU Financing Group as equity. The TWU Financing Group owes no obligations in respect of the convertible loan notes between the Kemble Shareholders and KWHL.

#### **Wastewater Treatment**

Wastewater is treated at 354 sewage treatment works, which are monitored to ensure that the treatment works comply with regulatory standards, through effective operation, risk assessments and focused investment. TWUL is not currently on track to meet its performance commitment target for total pollutions (category 1-3) for 2023 and has recently reported a year-on-year increase in pollution events from 217 to 257 in the interim results for 2023/24. TWUL remains committed to improving its performance through its refocused turnaround plan where TWUL is identifying root causes and solutions to address poor performance.

TWUL expects that there will be more pollution events as a result of the shift in approach by the Environment Agency (including those previously categorised as category 4 being graded as category 3), an increase in data availability following the installation of event duration monitors that enable TWUL to identify when sewage has entered the environment outside of permit conditions and a deterioration in sewage treatment works performance driven by poor asset health, a lack of inbuilt resilience and resourcing challenges. TWUL is currently forecasting sewage treatment works compliance below the performance commitment target of 100%. This reflects that a few sites have failed numeric wastewater quality compliance during 2023.

#### **Environmental Regulation**

In line with the EA’s push to improve day-to-day performance and meet progressively higher standards of environmental protection, it announced in November 2021 in conjunction with Ofwat a major investigation into sewage treatment works across the industry. The investigation involves all water and sewerage companies, more than 2000 sewage treatment works and continued throughout 2022 and into 2023. Companies could face enforcement action, including fines and prosecutions, as a result of breaches of their legal permits or obligations and in March and June 2022 Ofwat announced that it was opening enforcement cases into six water and wastewater companies as part of its ongoing investigation, one of which is TWUL. Alongside that announcement Ofwat issued the relevant companies with notices to gather information for enforcement purposes, although it should be noted that the issuance of such notices is not necessarily an indicator that Ofwat intends to pursue formal enforcement action. On 12 December 2023, Ofwat announced that it had reached the next stage of its investigation into TWUL’s management of its sewage treatment works and wider network and that it had notified TWUL of its provisional findings (which are without prejudice to any further representation that TWUL may make to Ofwat). Ofwat has not yet concluded whether there has been any contravention or failure by TWUL, nor has it decided to issue a notice under section 22A of the WIA. Ofwat expects to publish its proposed decision for public consultation in the first quarter of 2024.

On 23 June 2023, the Environment Agency published an update on its investigation. The Environment Agency’s initial assessment indicates that there may have been widespread and serious non-compliance of environmental

permit conditions by all water companies. Throughout the coming months, the Environment Agency will conduct site visits to wastewater treatment works with specialist investigators. The purpose of these visits will be to secure and preserve evidence relevant to its inquiry. The companies could also incur material capital expenditure in updating and improving facilities to improve future performance and/or as a result of the EA removing or limiting the ability to make consented discharges as a result of CSOs. Such a change would mean that more investment would be needed in infrastructure to increase storm capacity. There is a risk that such expenditure will not be covered by the Periodic Review process and will require significant separate investment. See Chapter 2 “*Risk Factors*” and in particular, “*Environmental considerations*” and “*Environmental Pollution Offences*”.

### **Final Determination of 2022/23 In-Period ODI Outcomes**

On 26 September 2023, Ofwat published a draft determination of TWUL’s in period ODI outcomes for 2022/23 (including C-MeX & D-MeX) and calculated that TWUL would be required to reduce customer bills in 2024/25 by £100.719 million. In its final determination published on 14 November 2023, Ofwat’s decision to reduce the tax rate from 19% to 0% on future ODI payments means that the amount by which TWUL is required to reduce customer bills in 2024/25 has been reduced by £26.953 million to £73.766 million.

### **Chief Executive Officer**

On 14 December 2023, Thames Water announced the appointment of Chris Weston as its Chief Executive Officer with effect from 8 January 2024.

Chris was formerly CEO of FTSE 250 Aggreko plc for seven years, a multi-national business operating in 45 countries. Previously he was at Centrica, where his last role was managing director of International Downstream and he was also a member of both the board and the executive committee. Prior to this, he held a number of roles in the Australian and UK telecoms sector in One.Tel and Cable and Wireless. He served in HM Armed Forces in the Royal Artillery and holds a PhD and MBA from Imperial College, London. He was a non-executive director of the Royal Navy between 2017 and 2023 and has been a non-executive director of Barratt Developments Plc since 2021.

### **Chairman**

Sir Adrian Montague was appointed as Chairman of TWUL and KWHL in July 2023. Previous roles include Chairman of The City UK Advisory Council, Aviva Group plc, 3i Group, Anglian Water Group, Michael Page International plc, London First, British Energy Group plc, Friends Provident plc, Cross London Rail Links Ltd and Hurricane Exploration plc. Adrian was a former Deputy Chairman of Network Rail Ltd, Partnerships UK plc and UK Green Investment Bank plc.

### **Share Capital of TWH and TWUL**

TWH is a wholly owned subsidiary of the Parent. Its authorised share capital is £520,428,002 divided into 520,428,002 ordinary shares of £1 each. 520,428,002 have been issued to the Parent and are fully paid-up.

TWUL’s authorised and issued share capital is £49,478,000 divided into 49,478,000 ordinary shares of £1 each. All ordinary shares have been issued and have been fully paid-up. TWUL is a wholly owned subsidiary of TWH. The business address of the directors of TWUL is Clearwater Court, Vastern Road, Reading, Berkshire RG1 8DB.

### **CayCo Removal**

Pursuant to a STID Proposal dated 4 June 2018, which was approved the Majority Creditors on 26 June 2018, the Issuer received all necessary consents to remove TWUCFL and TWUCFH from the TWU Financing Group

(the “**CayCo Removal**”). The CayCo Removal took effect on 31 August 2018 and, following the execution of the Deed of Variation in respect of the Bond Trust Deed on the same date:

- (i) TWUCFL was substituted with the Issuer as the issuer of all Bonds previously issued by TWUCFL (including the Series 17 Bonds, the Series 18 Bonds, the Series 19 Bonds, the Series 20 Bonds, the Series 22 Bonds, the Series 24 Bonds and the Series 25 Bonds)
- (ii) TWUCFH ceased to be a Guarantor of the Bonds (including the Series 17 Bonds, the Series 18 Bonds, the Series 19 Bonds, the Series 20 Bonds, the Series 22 Bonds, the Series 24 Bonds and the Series 25 Bonds).

#### **Deed of Amendment**

Pursuant to the relevant Terms and Conditions, the Issuer, the Guarantors, the Bond Trustee and the Security Trustee entered into a Deed of Amendment in order to make certain changes to the Terms and Conditions and relevant Final Terms to give effect to the transfer of the listing from Euronext Dublin to the London Stock Exchange.

## **CHAPTER 8**

### **GENERAL INFORMATION**

#### **Listing**

1. It is expected that listing of the Bonds on the Official List and admission of the Bonds to trading on the Main Market will be granted on or before 17 January 2024. The total amount of the Bonds to be admitted to the Official List and to trading on the Main Market is £1,925,000,000 (being the aggregate nominal amount of the Sterling denominated Bonds), \$97,000,000 (being the aggregate nominal amount of the U.S. dollars denominated Bonds, Series 30 and Series 31) and CAD250,000,000 (being the nominal amount of the Canadian dollars denominated Bonds, Series 25).
2. The Issuer estimates the total expenses related to admission to trading of the Bonds at £ 2,000.

#### **Authorisation**

3. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds. The issue of the Bonds was authorised by a resolution of the board of directors of the Issuer passed on 29 November 2023.

#### **Significant or Material Change**

4. There has been no significant change in the financial performance or financial position of each of the Issuer or TWUL and its subsidiaries since 30 September 2023. There has been no significant change in the financial performance or financial position of TWH since 31 March 2023.
5. There has been no material adverse change in the financial position or prospects of each of the Issuer, TWUL or TWH since the date of its last published audited financial statements which were for the period ended 31 March 2023.

#### **Litigation**

6. Save as disclosed in the section titled “Litigation” in Chapter 5 (*Description of the TWU Financing Group*) of the EMTN Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer.
7. Save as disclosed in the section titled “Litigation” in Chapter 5 (*Description of the TWU Financing Group*) of the EMTN Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which TWH is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of TWH.
8. Save as disclosed in the section titled “Litigation” in Chapter 5 (*Description of the TWU Financing Group*) of the EMTN Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which TWUL is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of TWUL.

### **Third Parties**

9. Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced, and as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

### **Documents Available**

10. For so long as the Bonds remain outstanding, copies of the following documents may (when published) be inspected physically during normal business hours at the registered office of the Issuer:
- (a) the Memorandum and Articles of Association of each of the Issuer and the other Obligors;
  - (b) the audited financial statements of the Issuer for the year ended 31 March 2022 and the year ended 31 March 2023;
  - (c) the audited financial statements for TWUL for the year ended 31 March 2022 and the year ended 31 March 2023;
  - (d) the audited financial statements for TWH for the year ended 31 March 2022 and the year ended 31 March 2023;
  - (e) a copy of the EMTN Prospectus;
  - (f) the unaudited interim financial statements of the Issuer for the financial half year ended 30 September 2023;
  - (g) the unaudited interim financial statements of TWUL for the financial half year ended 30 September 2023;
  - (h) the Deed of Variation;
  - (i) the Deed of Amendment;
  - (j) a copy of this Prospectus;
  - (k) each Investors' Report; and
  - (l) the Security Agreement.

### **Availability of Financial Statements**

11. The audited annual financial statements of the Issuer and the audited annual financial statements of TWUL and TWH will be prepared as at 31 March in each year. TWH has not published nor intends to publish any interim financial statements, but each of TWUL and the Issuer has published unaudited interim financial statements as at 30 September 2023 (which were subject to a review by the auditors in accordance with the International Standard on Review Engagements and are available at <https://www.thameswater.co.uk/about-us/investors/debt-information>) and intends to publish unaudited interim financial statements as at 30 September in each year. All future audited annual financial statements (and, in the case of TWUL and the Issuer only, any published interim financial statements) of each of the Issuer, TWUL and TWH will be available free of charge in accordance with “*Documents Available*” above.

## **Auditors**

12. The auditors of TWUL, TWH and the Issuer for the financial years ended 31 March 2022 and 31 March 2023 are PricewaterhouseCoopers LLP (“PwC”), of 3 Forbury Place, 23 Forbury Road, Reading, Berkshire, RG1 3JH which is a member firm of the Institute of Chartered Accountants in England and Wales. On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The audited financial statements of TWUL and the Issuer as at and for the year ended 31 March 2022 and 31 March 2023 have been prepared under International Financial Reporting Standards (“IFRS”) as adopted by the UK Endorsement Board.
13. This change does not constitute a change in accounting policy but rather a change in the framework which is required to ground the use of the IFRS in the company law. The change in the framework, does not result in any impact on the recognition, measurement or disclosures.
14. The financial statements of TWH for the year ended 31 March 2022 and 31 March 2023 have been prepared in accordance with FRS 101. In each case, in respect of the 2022 financial statements and the 2023 financial statements, PwC have given unmodified reports which contained no statement under Section 498(2) or (3) of the Companies Act 2006. In TWH’s 2023 financial statements, the auditors noted that in forming their opinion on the financial statements (which is not modified), they considered that TWH relies on support from KWHL (its ultimate parent company) and that, as at the date of approval of the financial statements, there is a material uncertainty relating to going concern at KWHL as there are uncertainties disclosed in its accounts. This in turn creates a material uncertainty at TWH as it creates a material uncertainty as to whether KWHL would be able to extend the support committed if and when required. In the auditors’ view, these conditions, along with the other matters explained in note accounting policies to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.
15. Notwithstanding the above, the auditors concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Furthermore, TWH is not reliant on support from KWHL given TWH’s liabilities are limited to those of guaranteeing TWUL and the Issuer (which are supported by the credit strength of the Issuer as the operating entity, as disclosed in this Prospectus).
16. The audited financial statements of each of the Issuer, TWUL and TWH for the years ending 31 March 2022 and 31 March 2023 have been delivered to the Registrar of Companies. Financial statements for 31 March 2022 and 31 March 2023 are available on the Thames Water website.
17. PwC has given, and not withdrawn, its written consent to the inclusion of its auditor’s reports incorporated by reference in this Prospectus.
18. For the purposes of Prospectus Rule 5.5.4R (2)(f), PwC has authorised the contents of its auditor’s reports referred to above as part of this Prospectus, has stated that it is responsible for those reports and has declared that it has taken all reasonable care to ensure that the information contained in those reports is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect their import.
19. Save as set out in this Prospectus, the Issuer does not intend to provide any post-issuance information.

## **Interest of natural and legal persons involved in the issue**

20. So far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer.

### **Conflict of Interest**

21. There are no potential conflicts of interest between any duties to the Issuer of its directors or company secretary and their respective private interests or duties.

### **Major Shareholders**

22. The Issuer is a wholly owned subsidiary of TWH. The Issuer is ultimately owned by the Kemble Shareholders. The Kemble Shareholders have entered into a shareholders' agreement which complies with the Ofwat publication "*Board leadership, transparency & governance – principles*".

## GLOSSARY OF DEFINED TERMS

This section shall be read together with the section entitled “*Glossary of Defined Terms*” in the EMTN Prospectus, which is incorporated by reference herein.

The following terms are used throughout this Prospectus:

“**Bearer Bonds**” means those of the Bonds which are in bearer form.

“**Bondholders**” means the holders from time to time of the Bonds.

“**Bonds**” mean the Series 17 Bonds, the Series 18 Bonds, the Series 19 Bonds, the Series 20 Bonds, the Series 22 Bonds, the Series 24 Bonds, the Series 25 Bonds, the Series 26 Bonds, the Series 27 Bonds, the Series 30 Bonds and the Series 31 Bonds.

“**Bond Trust Deed**” means:

- (a) in relation to the Series 17 Bonds, the Series 18 Bonds, the Series 19 Bonds and the Series 20 Bonds, the bond trust deed dated 30 August 2007 originally between, among others, TWUCFL and the Bond Trustee (in respect of which the Issuer has been substituted in place of TWUCFL and TWUCFL has ceased to be a party) as amended from time to time and as last amended and restated on 26 June 2015;
- (b) in relation to the Series 22 Bonds and the Series 24 Bonds, the bond trust deed dated 30 August 2007 originally between, among others, TWUCFL and the Bond Trustee (in respect of which the Issuer has been substituted in place of TWUCFL and TWUCFL has ceased to be a party) as amended from time to time and as last amended and restated on 16 September 2016;
- (c) in relation to the Series 25 Bonds, the bond trust deed dated 30 August 2007 originally between, among others, TWUCFL and the Bond Trustee (in respect of which the Issuer has been substituted in place of TWUCFL and TWUCFL has ceased to be a party) as amended from time to time and as last amended and restated on 10 October 2017;
- (d) in relation to the Series 26 Bonds, the Series 27 Bonds, the Series 30 Bonds and the Series 31 Bonds, the bond trust deed dated 30 August 2007 originally between, among others, TWUCFL and the Bond Trustee (in respect of which the Issuer has been substituted in place of TWUCFL and TWUCFL has ceased to be a party) as amended from time to time and as last amended and restated on 2 April 2020;

“**Class A Bonds**” means the Series 17 Bonds, the Series 18 Bonds, the Series 19 Bonds, the Series 20 Bonds, the Series 22 Bonds, the Series 25 Bonds, the Series 26 Bonds, the Series 27 Bonds, the Series 30 Bonds and the Series 31 Bonds;

“**Class B Bonds**” means the Series 24 Bonds.

“**Final Terms**” means the final terms issued in relation to each Series of Bonds as a supplement to the Conditions and giving details of the Series.

“**Guarantee**” means, in relation to each Guarantor, the guarantee of such Guarantor given by it pursuant to the Security Document to which it is a party.

“**Guarantors**” means TWH, TWUL, and the Issuer in their capacity as Guarantors pursuant to the Security Agreement together with any other entity which accedes to the Security Agreement as a Chargor in accordance with Clause 22.3 (*Further Subsidiaries*) thereof, each in their capacity as a “Guarantor”.

“**Indexed Bonds**” means the Series 17 Bonds and the Series 18 Bonds.



“**Issue Date**” means (a) in respect of the Series 17 Bonds, 21 December 2015; (b) in respect of the Series 18 Bonds, 18 December 2015; (c) in respect of the Series 19 Bonds, 25 February 2016; (d) in respect of the Series 20 Bonds, 23 December 2016; (e) in respect of the Series 22 Bonds, 24 January 2017; (f) in respect of the Series 24 Bonds, 3 May 2017; (g) in respect of the Series 25 Bonds, 12 December 2017; (h) in respect of the Series 26 Bonds, 22 April 2020; (i) in respect of the Series 27 Bonds, 12 May 2020; (j) in respect of the Series 30 Bonds, 12 November 2020; and (k) in respect of the Series 31 Bonds, 23 December 2020.

“**Issuer**” means Thames Water Utilities Finance plc, a company incorporated in England with limited liability with registered number 02403744.

“**Kemble Shareholders**” means Ontario Municipal Employees Retirement System, Universities Superannuation Scheme, Infinity Investments S.A., British Columbia Investment Management Corporation, Hermes GPE, China Investment Corporation, Aquila Sonnet Limited Partnership/ Aquila GP Inc., QIC Infrastructure Management PTY LTD/ Queensland Investment Corporation and Stichting Pensioenfonds Zorg en Welzijn (including any successors in title).

“**KWHL**” means Kemble Water Holdings Limited.

“**London Stock Exchange**” means The London Stock Exchange Group Plc, trading as the London Stock Exchange.

“**Maturity Date**” means (a) in respect of the Series 17 Bonds, 21 December 2027; (b) in respect of the Series 18 Bonds, 18 December 2034; (c) in respect of the Series 19 Bonds, 25 February 2028; (d) in respect of the Series 20 Bonds, 9 April 2058; (e) in respect of the Series 22 Bonds, 24 January 2032; (f) in respect of the Series 24 Bonds, 3 May 2027; (g) in respect of the Series 25 Bonds, 12 December 2024; (h) in respect of the Series 26 Bonds, 22 April 2040; (i) in respect of the Series 27 Bonds, 12 May 2050; (j) in respect of the Series 30 Bonds, 12 November 2030; and (k) in respect of the Series 31 Bonds, 23 December 2027.

“**Obligors**” means TWH, TWUL, and the Issuer, together with any other entity which accedes to the Finance Documents as an Obligor in accordance with the terms thereof, “Obligor” means any of them.

“**Prospectus**” means this prospectus prepared in connection with the listing of the Bonds.

“**Security**” means the security constituted by the Security Documents including any Guarantee or obligation to provide cash collateral or further assurance thereunder.

“**Security Agreement**” means the deed of charge and guarantee executed in favour of the Security Trustee by each of the Obligors (or to which any of the Obligors have subsequently acceded) on 30 August 2007;

“**Series**” means Bonds which have (i) the same final maturity, (ii) the same principal prepayment dates (subject to different principal prepayment dates applying to the Bonds from time to time), (iii) the same principal prepayment amounts (as a percentage of the original principal amount of each Bond) (subject to different principal prepayment amounts applying to the Bonds from time to time), (iv) the same interest rate, (v) the same interest payment periods, (vi) the same currency specification and (vii) the same date of issuance (which, in the case of a Bond issued in exchange for another Bond, shall be deemed for these purposes the date on which such Bond’s ultimate predecessor Bond was issued).

“**Thames Water Group**” means Kemble Water Holdings Limited and its Subsidiaries.

“**TWH**” means Thames Water Utilities Holdings Limited, a company incorporated in England and Wales (registered number 6195202).

“**TWUCFH**” means Thames Water Utilities Cayman Finance Holdings Limited, a company incorporated in the Cayman Islands with limited liability under registration number MC-196364.

“**TWUCFL**” means Thames Water Utilities Cayman Finance Limited, a company incorporated in the Cayman Islands with limited liability under registration number MC-196364.

“**TWUF**” means the Issuer.

“**TWU Financing Group**” means TWH, TWUL, the Issuer and any other Permitted Subsidiaries.

“**TWUL**” means Thames Water Utilities Limited, a company incorporated in England and Wales (registered number 2366661).

**REGISTERED OFFICE OF TWUL, THE ISSUER and TWH**

**Clearwater Court  
Vastern Road, Reading RG1 8DB  
United Kingdom**

**BOND TRUSTEE AND SECURITY TRUSTEE**

**Deutsche Trustee Company Limited  
Winchester House  
1 Great Winchester Street, London EC2N 2DB  
United Kingdom**

**PRINCIPAL PAYING AGENT AND AGENT BANK**

**Deutsche Bank AG, London Branch**  
Winchester House, 1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**REGISTRAR AND TRANSFER AGENT**

**Deutsche Bank Trust Company Americas**  
60 Wall Street  
New York, NY 10005  
United States of America

**LEGAL ADVISERS**

*To the Issuer, TWUL and TWH as to English Law:*

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*To the Bond Trustee and the Security Trustee as to English Law:*

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One Bishops Square  
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United Kingdom

**INDEPENDENT AUDITORS**

*To the Issuer, TWUL and TWH:*

**PricewaterhouseCoopers LLP**

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United Kingdom