

WATER INDUSTRY ACT 1991 S.13(1)
MODIFICATION OF THE CONDITIONS OF APPOINTMENT OF
MID KENT WATER LIMITED

Made on 24 August 2005
Coming into effect on 26 August 2005

The conditions in the Appointment of Mid Kent Water plc as a Water Undertaker are modified as follows:-

Condition P

1 Sub-paragraph 1(1) is deleted and replaced by the following:-

"1(1) The Appointee shall, not later than 26 September 2005 (or, in the event of a subsequent change of control of the Appointee, the date on which each such change of control takes effect), procure from MKW Holdco 1 Limited (or, if it shall at any time cease to be the UK holding company of the Appointee, from the Appointee's UK holding company) and from Utilities of Australia Pty Limited and Hastings Funds Management Limited (or, if either company shall at any time cease to be an Ultimate Controller of the Appointee, from the Appointee's Ultimate Controller) legally enforceable undertakings in favour of the Appointee in a form specified by the Director and expressed to remain in force for as long as the Appointee retains the Appointment."

2 In paragraph 2, line 2, delete "under" and insert "in accordance with".

3 In paragraph 3, line 2, delete "either" and insert "any one".

4 Paragraph 4 is deleted and replaced by the following:-

"The Appointee shall not, except with the written consent of the Director, enter, (directly or indirectly) into any contract or arrangement with the UK holding company of the Appointee (or an Ultimate Controller of the Appointee as the case may be) or any Associated Company (other than subsidiaries of the Appointee) at a time when:

(i) any one of the undertakings complying with paragraph 1 of this condition does not subsist; or

(ii) there is an unremedied breach of any one of those undertakings."

5 At the beginning of paragraph 5, delete "In sub-paragraph 1(1) above," and insert "For the purposes of this Condition P,".

Philip Fletcher