

**AGREEMENT ON AMENDING
of
THE SERVICES AGREEMENT
and
THE 30 SEPTEMBER 2002 AGREEMENT
and
THE 14 MARCH 2005 AGREEMENT
and
THE 30 NOVEMBER 2007 AGREEMENT
and
THE STORM WATER AGREEMENT
and
THE FIRE HYDRANTS AGREEMENT** nr. 5855

Tallinn, 16. September 2009

THE CITY OF TALLINN (in Estonian *Tallinna Linn*), represented by the mayor Mr. Edgar Savisaar who is acting pursuant to the Tallinn City Council resolution No. 163, dated 3 September 2009, (hereinafter the "**City**")

and

AKTSIASELTS TALLINNA VESI, with registration code No. 10257326, with registered office at Ädala 10, 10614 Tallinn, Estonia, represented by the Chairman of the Management Board Mr. Ian John Alexander Plenderleith who is acting pursuant to the law and the Articles of Association of the company, (hereinafter the "**Company**")

and

UNITED UTILITIES (TALLINN) B.V., a limited liability company registered in the commercial register of the Chamber of Commerce and Industries of the Netherlands under the registration code No. 34137178, with registered office at Teleportboulevard 140, 1043 EJ Amsterdam, the Netherlands, represented by Mr. Leslie Anthony Bell who is acting pursuant to the Power of Attorney, (hereinafter the "**Investor**"),

hereinafter the City and the Company are separately referred to as a "**Party**" and together as the "**Parties**",

whereas:

- (a) Supervisory Foundation of Water Enterprises in Tallinn has submitted to the City with their letters of 20 December, 2006 nr 1/35, of 18 December 2007 nr 1/52 and of 27 February 2009 nr 1/3 their suggestions for amending certain Levels of Services;
- (b) The Company has submitted to the City on 10.04.2008 and, again, on 24.11.2008 an application for amending certain Levels of Services;
- (c) It has become necessary to amend also certain clauses of the 30 November 2007 Agreement, the Fire Hydrants Agreement and the Project Agreements;
- (d) The Tallinn City Council has approved the terms and conditions of this Agreement,

the Parties and the Investor have agreed to change the Project Agreements in concluding the present agreement as follows:

1. Definitions

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1.1 Capitalised terms used in this Agreement that have not been defined elsewhere in this Agreement shall have the following meanings:

- “Agreement”** shall mean this Agreement on Amending the Services Agreement, the 30 September 2002 Agreement, the 14 March 2005 Agreement, the 30 November 2007 Agreement, the Storm Water Agreement and the Fire Hydrants Agreement.
- “Storm Water Agreement”** shall mean the Agreement on the Conduct of Rain Water, Drainage Water and Other Soil and Surface Water from Public Roads, Streets and Squares to the Public Sewerage System and Treatment thereof and the Construction of Storm Water Facilities concluded between the City and the Company on 22 June 2001.
- “Fire Hydrants Agreement”** shall mean the Agreement on the Extraction of Fire Fighting Water from Fire Hydrants in the Public Water Supply System and Extraction of Water from Public Water Extraction Points concluded between the City and the Company on 22 June 2001.
- “30 September 2002 Agreement”** shall mean the Agreement on Amending the Project Agreements concluded between the City, the Company and the Investor on 30 September 2002.
- “14 March 2005 Agreement”** shall mean the Agreement on Amending the Services Agreement, the 30 September 2002 Agreement on Amending the Project Agreements, the Storm Water Agreement and the Fire Hydrants Agreement concluded between the City, the Company and the Investor on 14 March 2005.
- “30 November 2007 Agreement”** shall mean the Agreement on Amending the Services Agreement, the 30 September 2002 Agreement, the 14 March 2005 Agreement, the Storm Water Agreement and the Fire Hydrants Agreement concluded between the City, the Company and the Investor on 30 November 2007.
- “Services Agreement”** shall mean the Services Agreement concluded between the City and the Company on 12 January 2001.
- “Project Agreements”** shall mean the Project Agreements defined in the 30 September 2002 Agreement together with the 30 September 2002 Agreement, the 14 March 2005 Agreement and the 30 November 2007 Agreement.

1.2 Capitalised terms not defined in this Agreement shall have the meanings given to them in the Project Agreements, unless stated otherwise in this Agreement.

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2. Amendments to the Services Agreement - Levels of Service

2.1. The following Levels of Service set out in Section A of Schedule D: Part I of the Services Agreement shall be amended and stipulated in the following wording:

2.1.1. The new wording of LoS WS3 shall be as follows:

“LoS WS3 – Catchment and Lake Ülemiste Raw Water Quality

Requirements

The surface water catchment facilities including reservoirs, canals, control structures and Lake Ülemiste as provided in Appendix D2 of this Schedule are required to be managed in such a way as to optimise and maintain raw water quality for the period from year 2001 to the end of the first Operating Period.

The quality required of surface water intended for abstraction for drinking water is to be maintained in accordance with the European Council Directive 75/440/EC as amended by the Directives 79/869/EC, 90/656/EC and 91/692/EC (“**the Directives**”) and Regulation No 1 “Quality and monitoring requirements for surface- and ground water used or intended to be used in the production of drinking water” of the Minister of Social Affairs, dated 2 January 2003 (“**SoMR No 1**”). In case of any discrepancies between the Directives and SoMR No 1, the text of the Directives shall take precedence as Parties deem the Directives to have direct effect.

It is to be noted that due to the geological conditions in Estonia and the natural enrichment of the surface water, as specified in Article 8 of European Council Directive 75/440/EC, certain parameter limit values, notably oxidizability, as required by SoMR No 1 may not be met for surface water and therefore, in assessing compliance of this LoS WS3, the relevant provisions of SoMR No 1 cannot be considered.

The Company shall take all necessary steps to improve the seasonal quality of the raw water by active catchment management and the management of Lake Ülemiste consistent with solutions that are economically justified.

Monitoring and Reporting

The reporting and monitoring of raw surface water quality shall be conducted in accordance with the requirements set forth in the LoS WS9 on Water Quality Measurement. All measures undertaken by the Company during the year to improve the raw water quality shall be reported annually within the first 90 days of the following year.

Note: In accordance with the Polluter Pays Principle, the Company will only be held responsible and penalised for deterioration in surface water quality where this arises from pollution or other activities, including neglect, which are directly under the control or the responsibility of the Company.”.

2.1.2. The new wording of LoS WS5 shall be as follows:

“LoS WS5 – Water Quality at Surface Water Treatment Plant and Ground Water Boreholes

Estonian and EU standards for Water Quality (LoS WS5 and WS6)

The quality required of water intended for human consumption is to be maintained in accordance with the European Council Directive 98/83/EC on the quality of water intended for human consumption (“**Directive 98/83/EC**”) and the Regulation No 82 “Quality and monitoring

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requirements and analysis methods for drinking water” of the Minister of Social Affairs, dated 31 July 2001 (“SoMR No 82”). In case of any discrepancies between the Directive 98/83/EC and SoMR No 82, the text of the Directive 98/83/EC shall take precedence as Parties deem the Directive 98/83/EC to have direct effect. The sampling frequency and parameters analysed shall be carried out as detailed in the Drinking Water Monitoring Plan approved by the Tallinn Health Inspectorate (“**Drinking Water Monitoring Plan**”).

Requirements

At least 99.5% compliance of all samples including 100% for all microbiological samples for treated surface water at the treatment works and extracted raw ground water at the borehole locations is required to be achieved.

Investment Plan

The Company will be expected to invest at the water treatment plant and at the groundwater installations during the period of the Agreement. This investment will be in order to achieve and sustain the specified levels of water quality compliance both at the treatment works and ground water installations and at the consumer’s premises.

Monitoring and reporting

The reporting and measurement of treated surface water and extracted ground water quality shall be conducted in accordance with the requirements set forth in the LoS WS5 and WS6 on Water Quality Measurement.”.

2.1.3. The new wording of LoS WS6 shall be as follows:

“LoS WS6 – Water Quality at the Consumer's Premises

General Requirements

From 1 January 2005, the level of compliance for water quality required at the consumer’s premises shall be at least 95% compliance for all samples and 97% compliance for bacteriological samples in accordance with the Directive 98/83/EC and SoMR No 82. In case of any discrepancies between the Directive 98/83/EC and SoMR No 82, the text of the Directive 98/83/EC shall take precedence as Parties deem the Directive 98/83/EC to have direct effect.

Note: See Article 6, points 1(a) and 2 of the Directive 98/83/EC regarding the point of compliance and the Company’s compliance obligations where it can be established that non-compliance of water at the Consumer’s tap is due to the domestic distribution system or the maintenance thereof.

The City shall, in conformity with the Tallinn Health Inspectorate, be entitled to nominate 50% of the sample locations.

Treated water quality results for 1999 are provided in Appendix D4.

Particular Requirements

The Company shall undertake selective rehabilitation or replacement of *at least* 5km of water distribution mains each year during the first Operating Period in order to improve the water quality, and to reduce the incidence of interruptions and leakage levels in the existing pipework. The location of the rehabilitated or replacement mains and the actual length of water mains rehabilitated or replaced shall be at the discretion of the Company who are fully responsible for achieving the stated Levels of Service. Any large diameter redundant mains, which are isolated by

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the Company to improve water quality shall not be included in the minimum length as stated above.

Monitoring and Reporting

This Level of Service is subject to quality measurement and reporting practices stipulated by the LoS WS10 on Water Quality Measurement presented below.”.

2.1.4. The new wording of LoS WS8 shall be as follows:

“LoS WS8 – Drinking Water Laboratory Accreditation and Annual Audit

Requirements

The Company is required to ensure that the drinking water laboratory of the Company is accredited for performing routine tests of parameters listed in the Directives 98/83/EC and raw water parameters listed in the European Council Directive 79/869/EC (“**Directive 79/869/EC**”) with a frequency of more than once per quarter as determined by the Tallinn Health Inspectorate within the Drinking Water Monitoring Plan approved by the Tallinn Health Protection Inspectorate. Parameters that require testing once per quarter or less as per the Drinking Water Monitoring Plan approved by the Tallinn Health Inspectorate or in case of malfunction of the laboratory’s equipment or lack of capacity the analysis service may be ordered from another suitably accredited laboratory.

Monitoring and reporting

The accreditation of the Company’s drinking water laboratory and any external accredited drinking water laboratory that the Company has used shall be reported to the City within the first 90 days of the following year.”.

Schedule D: Part III: Section A of the Services Agreement: „Penalties – Levels of Service” Table A1 „Potable Water” shall set out the following sanctions for WS8:

LoS	Item	Compliance criteria	Sanction Unit	Financial Penalty EEK	Notes
WS8	Laboratory	Annual reporting failure regarding proof of accreditation	Per failure month	50,000	
		The laboratory is accredited for routine testing of parameters listed in the Directive 98/83/EC and Directive 79/869/EC with required frequency of more than once per quarter.	Per routinely measured parameter that the laboratory is not accredited to test	50,000	

2.1.5. The new wording of LoS WS9 shall be as follows:

“LoS WS9 – Raw Water Quality Monitoring and Reporting

Requirements

The quality parameters of raw water in operational ground water boreholes and operational underground reservoirs shall be measured in accordance with Directive 79/869/EC and SoMR No 1 as per the Drinking Water Monitoring Plan approved by the Tallinn Health Inspectorate. In case of any discrepancies between the Directive 79/869/EC and SoMR No 1, the text of the Directive

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79/869/EC shall take precedence as Parties deem this Directive to have direct effect. Collected samples shall be tested by an accredited water laboratory. If a required methodology has not been implemented or accredited in the Company's laboratory, the analysis service may be ordered from a suitably accredited external laboratory.

Raw water quality results for 1999 are provided as Appendix D5 in this Schedule.

Monitoring and reporting

Test results for collected surface and groundwater samples shall be reported to the City annually in a summary form, including monthly and annual maximum, minimum and average indicators of drinking water quality, according to all parameters included in the Drinking Water Monitoring Plan approved by the Tallinn Health Inspectorate.”.

2.1.6. The new wording of LoS WS10 shall be as follows:

“LoS WS10 – Drinking Water Quality Monitoring and Reporting

Requirements

Drinking water quality measurement shall be conducted in accordance with the requirements of the Drinking Water Monitoring Plan approved by the Tallinn Health Inspectorate.

Drinking water quality measurement are currently conducted at 120 fixed locations across the water network in the Company's operating region twice per calendar month and a further 18 points at groundwater network sampling points and other points all of which are monitored in accordance with the Drinking Water Monitoring Plan approved by the Tallinn Health Inspectorate. The samples are to be taken at the Consumer's tap, unless modified by the approved Drinking Water Monitoring Plan approved by the Tallinn Health Inspectorate. Collected samples shall be tested by an accredited laboratory. If a required methodology has not been implemented or accredited in the Company's laboratory, the analysis service may be ordered from a suitably accredited external laboratory.

Test results for collected drinking water samples shall be reported to the City annually in a summary form, including monthly and annual maximum, minimum and average indicators of drinking water quality, according to the parameters included in the Drinking Water Monitoring Plan approved by the Tallinn Health Inspectorate.

All water quality test results shall be recorded and stored in a database format.

Where failures in standards occur, particularly in relation to bacteriological parameters, the Company shall detail the reasons for such failures and indicate remedial measures undertaken by the Company to eliminate non-compliances. The Company is required to draw up a detailed programme of measures it intends to take to address those failures. This information shall be part of the annual report.”.

2.1.7. The new wording of LoS WW3 shall be as follows:

“LoS WW3 – Wastewater Laboratory Accreditation and Annual Audit

Requirements

The Company is required to ensure that the wastewater laboratory of the Company is accredited for performing routine tests of parameters listed in the Regulation No 269 of the Estonian Government, dated 31 July 2001 “Procedure on discharging wastewater into water bodies or soil”

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with a frequency of more than once per quarter as per the Special permit for the use of water. Parameters that require testing once per quarter or less as per the Special permit for the use of water or if a required methodology has not been implemented or accredited in the Company's laboratory or in case of malfunction of the laboratory's equipment or lack of capacity, the analysis service may be ordered from another suitably accredited laboratory.

Monitoring and reporting

The accreditation of the Company's wastewater laboratory and any external accredited wastewater laboratory that the Company has used shall be reported to the City within the first 90 days of the following year."

Schedule D: Part III: Section A of the Services Agreement: „Penalties – Levels of Service” Table A2 „Wastewater collection, treatment and disposal” shall set out the following sanctions for WW3:

LoS	Item	Compliance criteria	Sanction Unit	Financial Penalty EEK	Notes
WW3	Laboratory	Annual reporting failure regarding proof of accreditation	Per failure month	50,000	
		The laboratory is accredited for routine testing of parameters listed in the Directive 98/83/EC and Directive 79/869/EC with required frequency of more than once per quarter.	Per routinely measured parameter that the laboratory is not accredited to test	50,000	

3. Amendments to the 30 November 2007 Agreement

3.1 The duration of the Network Extension Programme shall be extended until 31 March 2012 and in connection therewith the following provisions of the 30 November 2007 Agreement shall be amended:

3.1.1 Throughout the 30 November 2007 Agreement references to “31 March 2011” shall be replaced with references to “31 March 2012”.

3.1.2 In Clause 3.8 reference to “30 April 2011” shall be replaced with reference to “30 April 2012”.

3.1.3 In Recital (c) reference to “2008-2011” shall be replaced with reference to “2008-2012”.

3.1.4 In Clauses 3.1 and 3.3 references to “the end of 2008, 2009, 2010” shall be replaced with references to “the end of 2008, 2009, 2010, 2011”.

3.1.5 The Network Extension Programme and the programme for the design and construction works of storm water sewerage (Schedule I to the 30 November 2007 Agreement) and Annex A to the Network Extension Programme shall be amended by adding Schedule IB to this Agreement, and references to Schedule I to the 30 November 2007 Agreement and to Annex A to the Network Extension Programme contained in the Project Agreements shall be amended accordingly to include references to Schedule IB herein.

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3.1.6. Recital (d) of the 30 November 2007 Agreement shall be amended and stipulated in the following wording:

“(d) The City and the Company have agreed that the Company undertakes to perform certain works necessary for constructing and extending the System specified in this Agreement and the City undertakes to compensate the Company in accordance with the mechanism and principles set out in Schedule II to this Agreement in connection therewith, among other things by ensuring that the legal acts of the City are in compliance with Articles 14(1) and 14(3)5 of the PWSSA;”.

3.1.7. Clause 3.4 of the 30 November 2007 Agreement shall be amended and stipulated in the following wording:

“The Network Extension Programme and/or the programme for the design and construction works of storm water sewerage (including Storm Water Facilities) may be amended by the agreement of the Parties. The Company and the City may still agree to do some works additional to those stipulated in the Network Extension Programme according to the Clause 3.11 of the 30 November 2007 Agreement as amended below.”.

3.1.8. Clause 3.11 of the 30 November 2007 Agreement shall be amended and stipulated in the following wording:

“The City and the Company shall beforehand agree separately on any design and construction works not mentioned in Schedule I to the 30 November 2007 Agreement or in Annex A to the Network Extension Programme or in Schedule IB of this Agreement. The additional amounts payable for those works shall be agreed between the City and the Company prior to the start of works and the City shall undertake to pay for the completed works within 60 (sixty) days starting from the completion of works and submission of respective invoice. Should any of those additional works not mentioned in Schedule I to the 30 November 2007 Agreement or in Annex A to the Network Extension Programme or Schedule IB of the Agreement that concern real estate plots that have the right to request compensation for the connection to the sewerage network by the City under applicable legal acts, then the City and the Company shall agree the execution, prioritisation and compensation of such works prior to the start of works, and the City shall allocate a necessary annual reserve budget for such works.”.

3.1.9. The heading of Clause 4 and the main part of Clause 4.1 of the 30 November 2007 Agreement shall be amended and stipulated in the following wording :

“4. Development Component and new Rates of Tariff

4.1 Based on Articles 6(2)2 and 14(3)5 of the PWSSA, and subject to Clause 4.2 of this Agreement, the development of the System in the areas described in Article 14(3)5 of the PWSSA shall be compensated through the Development Component included in the Rates of Tariff (in accordance with the mechanism and principles set out in Schedule II of this Agreement) related to the Domestic Tariff according to the consumption of water in the Services Area extended to include also Mõigu and Raku-Raudalu. As agreed in connection therewith the following provisions of the Project Agreements shall be amended:”.

3.1.10. Schedule II to the 30 November 2007 Agreement shall be replaced with Schedule II to this Agreement and all references to Schedule II to the 30 November 2007 Agreement contained in the Project Agreements shall be amended accordingly. For the avoidance of doubt, the new Schedule II to this Agreement does not decrease the scope of the works listed in the Schedule I to the 30 November 2007 Agreement.

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3.1.11. Clause 5.3 of the 30 November 2007 Agreement shall be amended and stipulated in the following wording:

“5.3 The costs of planning, design and construction of storm water network referred to in Clause 7.3 of the Storm Water Agreement and Clause 3.1 of the 14 March 2005 Agreement borne by the Company in or before 2007 that have not been reimbursed to the Company shall not be reimbursed by the City according to the principles set out in Clause 8.3 of the Storm Water Agreement and Clause 3.1 of the 14 March 2005 Agreement. Such costs shall be compensated by the City to the Company according to Schedule III of this Agreement.”.

3.1.12. For the avoidance of doubt, the Parties confirm that, until 31 December 2012, references to “actual costs” in Clause 5.5.2 of the 30 November 2007 Agreement are meant to include also references to the fixed development component described in Clause 5.4 of the 30 November 2007 Agreement.

3.1.13. Schedule IV to the 30 November 2007 Agreement shall be replaced with Schedule III to this Agreement and all references to Schedule IV to the 30 November 2007 Agreement contained in the Project Agreements shall be amended accordingly.

3.1.14. A new clause 3.12. shall be added to the 30 November 2007 Agreement in the following wording:

“3.12. The Parties have recognised that the Network Extension Programme and the programme for the design and construction works of storm water sewerage (including the Storm Water Facilities) would result in delivery of additional waste water volumes and loads to the Paljassaare WWTP, which may lead to additional investments. For the avoidance of doubt, the Parties hereby agree that such additional design and construction works related to the Paljassaare WWTP would be financed by the Company from profits it generates from operating and construction activities and such works cannot be the basis for a request to increase the size of the development component or for any other form of compensation from the City.”.

3.1.15. A new clause 3.13 shall be added to the 30 November 2007 Agreement in the following wording:

“3.13 In provision of the services of drinking water supply to and conducting and treatment of wastewater, sewage-, storm-, drainage and other soil- and surface from the administrative territory of another local government, the Company shall finance the works necessary for constructing and reconstructing the structures of public water supply and wastewater network as well as the structures for conducting storm-, drainage and other soil- and surface water of the City of Tallinn, from the account of charges collected for the services provided in the territory of that local government, at least to the extent corresponding to the level of use of the structures for the named services, and these works are not financed on the account of charges collected for the Service provided in the administrative territory of the City of Tallinn and the financing of the works shall not be requested from the City.”.

4. Amendments to the 22 June 2001 Agreement

4.1. Schedule 1 of the Fire Hydrants Agreement, as replaced with the 27 March 2006 agreement between the Company and the City and subsequently replaced by Schedule V of the 30 November 2007 Agreement, shall be replaced with Schedule IV of this Agreement in respect of the list of Extraction Points and fountains. No changes will be made to the list of Fire Hydrants.

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5. Amendments to other Project Agreements

5.1 Each of the Project Agreements as well as the Agreement shall be supplemented with the following provision:

“If the exchange rate of Euro for Estonian kroon shall be changed during the period of validity of this Agreement, any payments, including the Development Component included in the Rates of Tariff to be made pursuant to this Agreement after the change of exchange rate shall be multiplied by a coefficient of the change in exchange rate. Such coefficient shall be calculated by dividing the new exchange rate of Euro for Estonian kroon published by the Bank of Estonia (in Estonian *Eesti Pank*) valid on the day after the day the exchange rate was changed by the earlier exchange rate of Euro for Estonian kroon published by the Bank of Estonia which was valid on the day preceding the day the exchange rate was changed.”

6. Final provisions

6.1 The Parties will confirm, provided that this Agreement is complied with in the required manner, that the concluding of this Agreement or the compliance therewith will not reduce the shareholder value of the Company.

6.2 The individual provisions of this Agreement shall remain effective until the date of the following event, whichever falls due later: (i) the expiration or termination of the Services Agreement; or (ii) the expiration or termination of the relevant Project Agreement to which the particular provision of this Agreement relates, unless otherwise provided in the Agreement.

6.3 The provisions of the Project Agreements shall continue to apply to the extent not modified by this Agreement. In the event of a conflict between any provision of this Agreement and any Project Agreement, the provisions of this Agreement shall prevail and shall be applied.

6.4 The laws of the Republic of Estonia shall govern this Agreement.

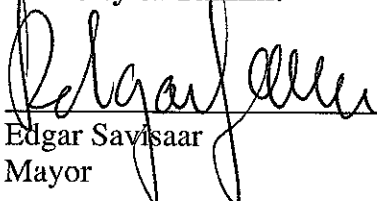
6.5 Any dispute between the Parties and/or the Investor that cannot be resolved amicably shall be referred to arbitration and shall be resolved pursuant to the procedure set forth in Clauses 36 and 37 of the Services Agreement.

6.6 As at the time of signing, this Agreement has the following Schedules:

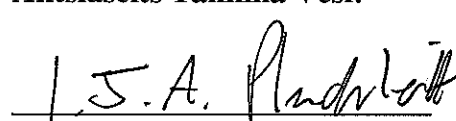
- Schedule IB – Network Extension Programme and the programme for the design and construction works of storm water sewerage;
- Schedule II – Rates of Tariff;
- Schedule III – Development components related to the separate storm water network;
- Schedule IV – List of water extraction points and fountains.

In witness whereof the City, the Company and the Investor have signed this Agreement on the date first above written:

The City of Tallinn:



 Edgar Savisaar
 Mayor

Aktsiaselts Tallinna Vesi:


 Ian John Alexander Plenderleith
 Chairman of the Management Board

United Utilities (Tallinn) B.V.:



A handwritten signature in black ink, appearing to read "L. A. Bell", written over a horizontal line.

Leslie Anthony Bell
Authorised representative

SCHEDULE IB

**NETWORK EXTENSION PROGRAMME AND THE PROGRAMME FOR THE DESIGN
AND CONSTRUCTION WORKS OF STORM WATER SEWERAGE***

Development Area/Street/Section between streets	Construction of Water Supply Facilities		Construction of Sewerage Facilities		Construction of Storm Water Facilities		Start of works
	Length of pipe, m	Address	Length of pipe, m	Address	Length of pipe, m	Address	
Construction of Storm Water Facilities – various areas according to schematic					50 objects 547 jm **		2011
						Pärnu mnt 378	
						Pärnu mnt 374	
						Pärnu mnt 358	
						Pärnu mnt 348	
						Pärnu mnt 336 ja 338 vahel	
						Pärnu mnt- Valdeku ristmik	
						Pärnu mnt 307	
						Pärnu mnt 273	
						Pärnu mnt 267	
						Pärnu mnt 217	
						Pärnu mnt 219	
						Pärnu mnt 157	
						Pargi tn 3	
						Pargi tn 5	
						Pargi 19	
						Pargi-Paiste ristmik	
						Pargi tn, (Nõmme-Kase ja Paiste tn lõik)	
						Pärnu mnt- Puuvilja ristmik	
						Pärnu mnt 352	
						Pärnu mnt 388b	
						Pärnu mnt 287 (Pärnu mnt- Kuusie tn ristmik)	
						Kopli tn 90	
						Pärnu mnt- Lühike ristmik	
						Vääna-Hiiu- Suurtüki ristmik	
						Pae turg (Parklas)	
						Lasnamäe tn 32	
						Betooni-Paneeli ristmik	
						Pae tn 43	
						Mahtra 30a-34	

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	Construction of Water Supply Facilities	Construction of Sewerage Facilities	Construction of Storm Water Facilities	
				Tehnika tn 117/ Kiire tn
				Saue ja Rohu tn ristmik
				Laine tn 28 ja maa-aluste parklate vahel
				Õpetajate Herne ristmik
				Pargi-Sihi tn ristmik
				Vanemuise 67a
				Nurme tn 26
				Raudtee tn 30a,34
				Vilde tee 124 ja 126b vaheline ristmiks sisekvartal
				Graniidi tn 11
				Puuvilja tn 5
				Puhangu tn 24
				Randla tn 3
				Raudtee tn 44 ees
				Luite tn 15
				Nurme tn 49
				Räägu tn 11
				Erika tn 7a
				Kollase Tobiase ristmik
				Sulevi 3/Uku ristmik
				Vikerlase tn 19a parkla
Maleva 2B water connection	86			
		Maleva tn 2B		
Pikakar beach water connection	1 307			
Toompea fire hydrant connection	157			
Kalmuse ww pumping station				
Kalmuse tee			716	
				Kalmuse tee 5a
				Kalmuse tee 7
				Kalmuse tee 9
				Kalmuse tee 11
				Kalmuse tee 13,
				Kalmuse tee 15
				Kalmuse tee 17
				Kõrkja tee 9
Kõrkja street	554		668	
				Kloostrimetsa tee 7
				Kõrkja tee 11

	Construction of Water Supply Facilities	Construction of Sewerage Facilities	Construction of Storm Water Facilities	
	Kõrkja tee 14	Kõrkja tee 14		
	Kõrkja tee 16	Kõrkja tee 16		
	Kõrkja tee 18	Kõrkja tee 18		
	Kõrkja tee 20	Kõrkja tee 20		
	Kõrkja tee 22	Kõrkja tee 22		
Kõrkja ww pumping station				
Suur- Sõjamäe area	1 439	1 651		2010
	Suur-Sõjamäe tn 11	Suur-Sõjamäe tn 11		
	Suur-Sõjamäe tn 13a	Suur-Sõjamäe tn 13a		
		Suur-Sõjamäe tn 15		
	Suur-Sõjamäe tn 15b	Suur-Sõjamäe tn 15b		
	Suur-Sõjamäe tn 19c	Suur-Sõjamäe tn 19c		
	Suur-Sõjamäe tn 19	Suur-Sõjamäe tn 19		
		Suur-Sõjamäe tn 19a		
	Suur-Sõjamäe tn 21	Suur-Sõjamäe tn 21		
	Suur-Sõjamäe tn 21b	Suur-Sõjamäe tn 21b		
	Suur-Sõjamäe tn 23	Suur-Sõjamäe tn 23		
		Suur-Sõjamäe tn 36		
		Suur-Sõjamäe tn 38		
	Suur-Sõjamäe tn 40	Suur-Sõjamäe tn 40		
	Suur-Sõjamäe tn 42	Suur-Sõjamäe tn 42		
	Suur-Sõjamäe tn 42a	Suur-Sõjamäe tn 42a		
	Suur-Sõjamäe tn 44	Suur-Sõjamäe tn 44		
	Suur-Sõjamäe tn 15a	Suur-Sõjamäe tn 15a		
	Suur-Sõjamäe tn 17	Suur-Sõjamäe tn 17		
	Suur-Sõjamäe tn 17a	Suur-Sõjamäe tn 17a		
		Suur-Sõjamäe tn 17b		
	Suur-Sõjamäe tn 19b	Suur-Sõjamäe tn 19b		
	Suur-Sõjamäe põik 2	Suur-Sõjamäe põik 2		
	Suur-Sõjamäe põik 2a	Suur-Sõjamäe põik 2a		
	Suur-Sõjamäe tn 44a	Suur-Sõjamäe tn 44a		
	Suur-Sõjamäe tn 44c	Suur-Sõjamäe tn 44c		
	Suur-Sõjamäe tn 44d	Suur-Sõjamäe tn 44d		
	Suur-Sõjamäe tn 44e	Suur-Sõjamäe tn 44e		
	Suur-Sõjamäe tn 46	Suur-Sõjamäe tn 46		
	Suur-Sõjamäe tn 48	Suur-Sõjamäe tn 48		

	Construction of Water Supply Facilities	Construction of Sewerage Facilities	Construction of Storm Water Facilities	
	Suur-Sõjamäe tn 48b	Suur-Sõjamäe tn 48b		
	Suur-Sõjamäe tn 48c	Suur-Sõjamäe tn 48c		
	Suur-Sõjamäe tn 48d	Suur-Sõjamäe tn 48d		
	Suur-Sõjamäe tn 48f	Suur-Sõjamäe tn 48f		
Merivälja area sewerage facilities connection points - 23 items		154 m		2011
		Lodjapuu tee 79		
		Lodjapuu tee 77		
		Lodjapuu tee 87		
		Lodjapuu tee 89		
		Lodjapuu tee 91		
		Lodjapuu tee 71		
		Lodjapuu tee 53		
		Lodjapuu tee 51		
		Lodjapuu 14/Kõivu 38		
		Lodjapuu tee 18		
		Lodjapuu tee 20		
		Lodjapuu tee 22		
		Lodjapuu tee 28		
		Lodjapuu tee 30		
		Jugapuu tee 29		
		Jugapuu tee 25		
		Jugapuu tee 21		
		Jugapuu tee 19/Lõhmuse põik 47		
		Lõhmuse tee 18/Kesk tee 57		
		Lõhmuse tee 25		
		Kesk tee 63		
		Kesk tee 47/Kõivu 20		
		Kesk tee 52		
Reconstruction of Veskimetsa ditches			3001	2011
Sirge tn (Veskimetsa tn - Piibelehe tn)			205	
Kõrgepinge tn (Veskimetsa tn - Mustjõe tn)			500	
Heinamaa tn (Veskimetsa tn - Piibelehe tn)			203	
Rohumaa tn (Veskimetsa tn - Piibelehe tn)			164	
Piibelehe tn (Marjamaa tn - Kõrgepinge tn)			237	
Veskimetsa tn (Kõrgepinge tn - Mustjõe tn)			276	
Marjamaa tn (Piibelehe tn - Mustjõe oja)			123	
Nurklik tn (Nurklik tn 3 - Paldiski mnt)			97	
Mustjõe tn (Piibelehe tn - Tuhkru tn)			281	
Mustjõe põik			144	

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	Construction of Water Supply Facilities		Construction of Sewerage Facilities		Construction of Storm Water Facilities	
Humala tn (Mureli tn - Humala tn 3)					294	
Paldiski mnt (Mustjõe tn - Mustjõe oja)					297	
Tuuleveski tn					180	
TOTAL	3 529		3 035		3 548	

* Construction shall be finalised on 31 March 2012 at the latest.

** Parties have agreed that taking into consideration estimated construction prices as compared to the average construction cost of the Storm Water Facilities, the construction estimate for the 50 objects shall be 7,000 metres and this metric calculation estimate shall be used solely for the purpose of assessing the fulfilment of the contractual obligations of the Parties.

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SCHEDULE II

RATES OF TARIFF

(1) The Parties agree that the Rates of Tariff for the period from 2009 to 31 December 2020 shall be as specified in the following table:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
K-coefficient (%)	2	2	0	0	0	0	0	0	0	0	0	0
Change in CPI (%)	X9	X10	X11	X12	X13	X14	X15	X16	X17	X18	X19	X20
Change in Law (%)	-0.6											
Development Component (EEK/m³)	Rate Y +VAT	Rate Z +VAT	Rate Z +VAT	Rate Z +VAT	Rate Z +VAT	Rate Z +VAT	0	0	0	0	0	0

where:

“X9”, “X10”, “X11”, etc. means the change in the CPI, calculated pursuant to the principles set forth in the Services Agreement, to be taken into account in the calculation of the Rates of Tariff for the respective year (2009, 2010, 2011, etc.);

“Y” means (i) 9.00 EEK/m³ for the period from 1 January 2009 until 31 October 2009 and (ii) 0 EEK/m³ for the period from 1 November 2009 until 31 December 2009; and

“Z” means (i) 8.75 EEK/m³ for the period from 1 January 2010 until 30 June 2014 and (ii) 0 EEK/m³ for the period from 1 July 2014 until 31 December 2014.

The Development Component shall only be applicable to the Domestic Tariff for Potable Water Services.

(2) Rate “Z” in the above table is based on 13,276,000 m³ as the estimated annual domestic water consumption volume in the Services Area (extended to include also Mõigu and Raku-Raudalu). In case the actual annual water consumption volume in any given year differs from (i.e. exceeds or is lower than) such estimated volume by more than 5% then, for the following 12 (twelve) months, the rate “Z” shall automatically be amended, as appropriate, by the percentage exceeding the 5% limit. E.g. if the actual volume exceeds the estimated volume by 7% then the rate “Z” shall be decreased by 2% (i.e. 7%-5%=2%) or if the actual volume is 7% lower than the estimated volume then the rate “Z” shall be increased by 2%. For the period following such 12 (twelve) months the rate “Z” shall automatically assume its original value (i.e. which is based on the above estimated volume), unless the difference between the estimated volume and the actual volume once again brings about an automatic amendment to the rate as set forth above in this Clause.

(3) The Development Component shall be shown on the invoice related to Domestic Tariff for Potable Water Services issued to domestic Clients. The City shall ensure the continued effectiveness of its regulation (dated 24 January 2008) for the reimbursement of the increase in water tariff that resulted from the application of the Development Component for the population of the Services Area of the Company. Each month the Company shall issue to the City an invoice for the total amount of the Development Component billed by the Company to its Clients during the previous month, which invoice is payable within 28 (twenty eight) days from the day of the submitting of the invoice. However, in the event the City does not pay the Development Component to the Company in accordance with the above provisions, the Company has the right to recover the unpaid amount of the Development Component directly from the Clients through the Domestic Tariff for Potable Water Services, as set forth in Article 14(3)5 of the PWSSA.

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(4) In case the Company is not or would not be paid (by the City and/or the Clients) any part of the amounts that are payable to the Company, to ensure the development of the System in the areas described in Article 14(3)5) of the PWSSA (hereinafter the "Network Extension Amounts") (including in case the City shall amend its applicable legal acts or Rates of Tariff in a way that is not at all times in conformity with the principles set forth in this Schedule II, including in case the share of the Development Component in the Rates of Tariff as set forth in this Schedule II decreases or is excluded from the Rates of Tariff or in case the Rates of Tariff are being set by the Regulator), the Company shall have the right to claim from the City payment of this part of the Network Extension Amounts that is not or would not be paid to the Company. For the purposes of this Clause, the Network Extension Amounts that should be paid to the Company are calculated on the basis of the following formula: Development Component times the estimated annual domestic water consumption (as agreed in this Schedule II) times the period during which the Development Component is payable according to this Schedule II.

(5) The Development Component shall not be applied after 30 June 2014, provided that by that date there is no indebtedness towards the Company in connection with the payment of the amounts calculated on the basis of Clause (4) of this Schedule II.

(6) The principles set forth in the above table shall replace the previous agreements of the Parties set forth in the Project Agreements (this Schedule II shall remain valid) in respect of the K-coefficient for the Operating Years up to and including the year 2020 and set this K-coefficient for such Operating Years.

(7) After the year 2020 the principles set forth in the Services Agreement in respect of the K-coefficient and the change in CPI as components of the formula for determination of the Rates of Tariff shall apply.

(8) The agreements in respect of the Rates of Tariffs set forth in this Schedule II above shall not affect the validity of those provisions of the Project Agreements on amendment of the Rates of Tariff that have not been expressly modified by this Schedule II or the Agreement. In such cases the respective procedure set forth in the Services Agreement for adjustment and setting of the Rates of Tariff shall apply.

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SCHEDULE III

DEVELOPMENT COMPONENT RELATED TO THE SEPARATE STORM WATER NETWORK

1. The Parties have agreed that the annual amounts of the development component related to the separate storm water network are:

- 53,000,000 EEK excluding VAT (62,540,000 including 18% VAT) in year 2008;
- 35,004,000 EEK excluding VAT (42,004,800 including 20% VAT) in year 2010;
- 42,504,000 EEK excluding VAT (51,004,800 including 20% VAT) in year 2011;
- 42,504,000 EEK excluding VAT (51,004,800 including 20% VAT) in year 2012.

2. The above development component is included to the formula and to the invoices during the period from 1 January 2008 to 31 December 2012. Each monthly invoice includes 1/12 of the relevant annual amount of the development component.

3. The stipulation of the Clause 1 of the present Schedule III applies insofar that the Company has constructed or constructs (as appropriate) cumulatively at least 31% of the programme (as per Schedule I to the 30 November 2007 Agreement, Annex A to the Network Extension Programme and Schedule IB to this Agreement) for the design and construction works of storm water sewerage (including Storm Water Facilities) by the lengths of network sections in meters during 2008, 19% in 2010, 25% in 2011 and 25% in 2012 (i.e. by the end of 2008: 31%, by the end of 2010: 50%, by the end of 2011: 75%, by the end of 2012: 100%).

4. In case the Company fails to fulfil the obligation stipulated in the Clause 3 of the present Schedule III, the Parties agree to review the annual amounts of the development component related to the separate storm water network for remaining years of the period 2008-2012.

5. Should the City decide to cancel or substantially decrease the scope of the programme for the design and construction works of storm water sewerage (as per Schedule I to the 30 November 2007 Agreement, Annex A to the Network Extension Programme and Schedule IB to this Agreement) prior to its completion by the Company, such change in scope shall be treated as a City Variation, and the City shall compensate the Company in full for all constructions that have already started, as well as reimburse the Company for any and all additional costs, including but not limited to contractual penalties incurred by the Company due to finalised procurement or signed procurement contracts.

6. As the Company has submitted invoices related to design and construction works of storm water sewerage (including Storm Water Facilities) and the City has paid such invoices according to the 30 November 2007 Agreement in 2009, the Company will issue credit notes for the relevant invoices issued in 2009 after signing this Agreement. The money paid for the design and construction works of storm water sewerage (including Storm Water Facilities) in 2009 will be set off against the invoices of the development component in amount of the credit notes.

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SCHEDULE IV

LIST OF WATER EXTRACTION POINTS AND FOUNTAINS


1. Water extraction points to be used pursuant to and on the basis of the Fire Hydrants Agreement:

- 1.1 In Keemia-Mehaanika corner, Tallinn
- 1.2 In Ronga-Algi corner, Tallinn
- 1.3 Suur-Sõjamäe 17, Tallinn
- 1.4 Hirve 32, Tallinn
- 1.5 Merivälja tee 80 C, Tallinn
- 1.6 Behind Võidujooksu 3a, Tallinn

2. Fountains to be used pursuant to and on the basis of the Fire Hydrants Agreement:

- 2.1. Fountain Nõmme Ema, situated at Jaama, Tallinn
- 2.2. Fountain „Naine vaagnaga” situated at the Square of a 100 Towers (Nunne tn 20)
- 2.3. Fountain situated in Toompark by the Shnelli pond (Toompuiestee 36)
- 2.4. Fountain J. Koort ”Metskits”, situated at Nunne 13a, Tallinn
- 2.5. Fountain „Poisid kalaga”, situated at Viru tn 26
- 2.6. Pyramid fountain near Politseiaed (Gonsiori tn 16 / Pronksi tn 15)
- 2.7. Fountain situated in Politseiaed (Gonsiori tn 16 / Pronksi tn 15)
- 2.8. Fountain at Õie tn 40, Tallinn
- 2.9. Fountain situated (Kloostrimetsa tee 2 / Merivälja tee 22A)
- 2.10. Fountain situated at Kopli kalmistupark (Kopli tn 69c)
- 2.11. Fountain of Luigetiik situated at Kadrioru park, Tallinn (J. Poska tn 32a / A. Weizenbergi tn 24)
- 2.12. Flower garden and fountain „Neptunus” situated at Kadrioru park, Tallinn (A. Weizenbergi tn 37a)
- 2.13. Fountain of Apollo situated at Kadrioru park, Tallinn (J. Poska tn 32a / A. Weizenbergi tn 24)
- 2.14. Fountain situated in front of Tallinn Music School of G. Otsa, Tallinn
- 2.15. Fountain situated in front of cinema „Kosmos” (Pärnu mnt 45, Tallinn)
- 2.16. Fountain at Kadrioru park Kivisilla triangle (Roheline aas 1a)
- 2.17. Fountain at Harju street green area (Harju tn 40/42)
- 2.18. Fountain in Noortepark at Kadrioru park (Koidula tn 21a)
- 2.19. Fountain at Falgi park (Adamsoni tn 1/ Wismari tn 4)
- 2.20. Fountain at Ravila park (Ravila tn 13/ Lõuna tn 41)
- 2.21. Fountain in Kanuti aed (Mere pst 7)
- 2.22. Fountain in front of cinema „Sõprus” (Vana-Posti tn 8)
- 2.23. Fountains in Kalamaja park (Kalamaja tn 63)
- 2.24. Fountain at Kivisilla street (Maneezi tänav // Gonsiori tn // Kivisilla tn)

The above list of water extraction points and fountains is complete and excludes any objects not listed therein.

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