

DATED

7th October

1999

YORKSHIRE ENVIRONMENTAL SOLUTIONS LIMITED

WASTE RECYCLING GROUP PLC

and

EASE RIDING OF YORKSHIRE COUNCIL

and

KINGSTON-UPON-HULL CITY COUNCIL

DEED OF NOVATION

Stuart D McFarlane Solicitor
Head of Legal Services
Kelda Group plc
2 The Embankment Sovereign Street Leeds LS1 4BG

MP/YWE001/188

THIS DEED OF NOVATION is made the 7th day of October 1999

- BETWEEN (1) YORKSHIRE ENVIRONMENTAL SOLUTIONS LIMITED
whose registered office is at 2 The Embankment Sovereign Street
Leeds LS1 4BG ("YES")
- (2) WASTE RECYCLING GROUP PLC whose registered office is at
Manor Farm Bridgham Norwich Norfolk NR16 2RX ("WRG")
and
- (3) EAST RIDING OF YORKSHIRE COUNCIL and KINGSTON-
UPON-HULL CITY COUNCIL ("the Councils")

Recitals

- (A) By an Agreement ("the Contracts") made the 7th day of October 1999
between YES of the one part and the Councils of the other part YES was
appointed by the Councils to provide a waste disposal service to the Contractor as
therein specified
- (B) It has been agreed between YES and WRG that WRG shall assume the obligations
of YES under the Contracts
- (C) The Councils consent to the substitution of WRG for YES under the Contracts
- (D) This Deed of Novation is supplemental to the Contracts

1 Release by the Councils

- 1.1 The Councils jointly release and discharge YES from performance of any
obligations under the Contracts and from all claims and demands whatsoever
arising out of or in respect of the Contracts whether arising prior to on or
subsequent to the date of this Deed and the Councils hereby indemnify YES from
and against all costs claims demands actions liabilities or expenses arising out

of or in any way relating to the entering into by YES of the Contracts save for any such expenses or costs incurred in tendering the Contracts

- 1.2 The Councils further release YES and Kelda Group Plc from any obligations to provide a guarantee of any obligations under the Contracts

2 Acceptance of Liability by WRG

- 2.1 WRG accepts the liabilities of YES under the Contracts and agrees to perform all the duties and to discharge all the obligations of YES under it and to be bound by all its terms and conditions in every way as if WRG were named in the Contracts as a party ab initio in place of YES

3 Acceptance of Liability by the Councils

- 3.1 The Councils agree to perform all their respective duties and to discharge all their obligations under the Contracts and to be bound by all its terms and conditions in favour of WRG in every way as if WRG were named in the Contracts as a party ab initio in place of YES. Without limiting the generality of the foregoing the Councils acknowledge and agree that WRG shall have the right to enforce the Contracts pursue all claims and demand (future or existing) by YES whatsoever arising out of or in respect of the Contracts whether arising prior to on or subsequent to the date of this Deed

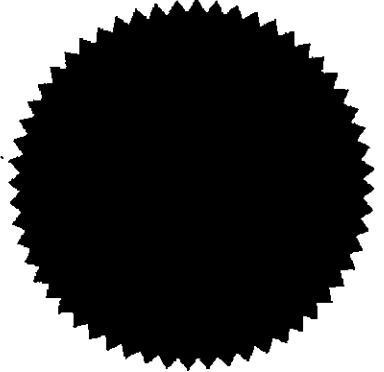
4 Contracts in Force

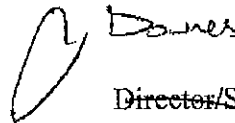
- 4.1 The terms and conditions of this Deed represent the entire agreement between the parties relating to the novation of the Contracts and except as specifically amended by this Deed all the terms and conditions of the Contracts remain in full force and effect

IN WITNESS whereof the parties have executed this Deed the day and year first before written

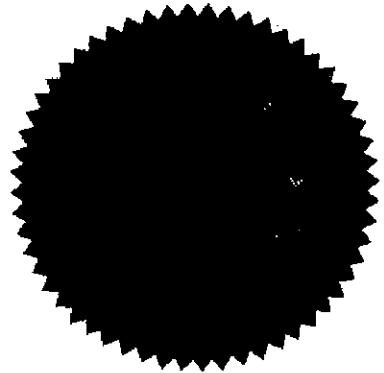
The COMMON SEAL of YORKSHIRE)
ENVIRONMENTAL SOLUTIONS)
LIMITED was hereunto affixed in the)
presence of:-)


Director




Director/Secretary

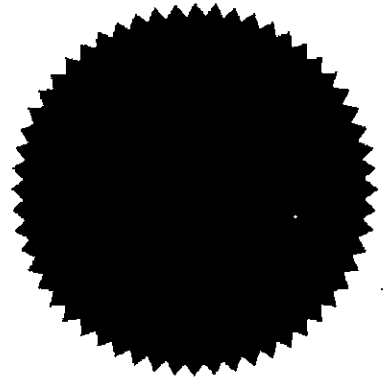
The COMMON SEAL of WASTE)
RECYCLING GROUP PLC was hereunto)
affixed in the presence of:-)

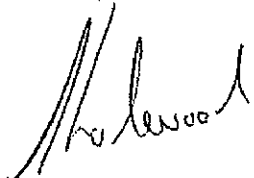



Director

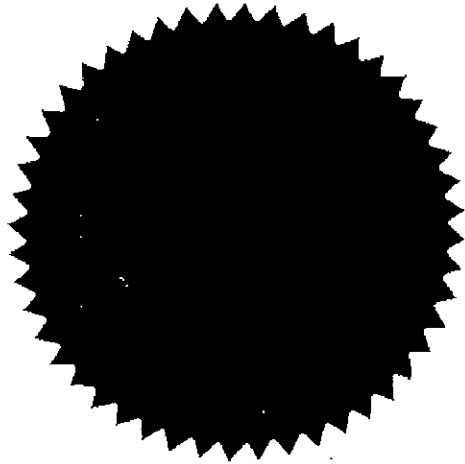

~~Director~~/Secretary

The COMMON SEAL of EAST RIDING)
OF YORKSHIRE COUNCIL was hereunto)
affixed in the presence of:-)




Head of Legal Services

The affixing hereto of the CORPORATE)
SEAL of KINGSTON-UPON-HULL)
CITY COUNCIL is authenticated by:-)




Authorised signatory