

SECURITIES AND EXCHANGE COMMISSION

FORM SC 14D9

Tender offer solicitation / recommendation statements filed under Rule 14d-9

Filing Date: **2010-06-01**
SEC Accession No. **0000950123-10-054507**

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SUBJECT COMPANY

Cascal N.V.

CIK: **1404675** | IRS No.: **000000000** | State of Incorporation: **P7** | Fiscal Year End: **0331**
Type: **SC 14D9** | Act: **34** | File No.: **005-84491** | Film No.: **10868522**
SIC: **4941** Water supply

Mailing Address
STATION APPROACH
DORKING
SURREY X0 RH4 1TZ

Business Address
STATION APPROACH
DORKING
SURREY X0 RH4 1TZ
44(0) 1306 746080

FILED BY

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14D-9

**SOLICITATION/RECOMMENDATION STATEMENT UNDER
SECTION 14(d)(4) OF THE SECURITIES EXCHANGE ACT OF 1934**

CASCAL N.V.

(Name of Subject Company)

CASCAL N.V.

(Name of Person Filing Statement)

Common Shares, par value 0.50 per share
(Title of Class of Securities)

N1842P109

(CUSIP Number of Class of Securities)

**Jonathan Lamb
Biwater House
Station Approach
Dorking
Surrey, RH4 1TZ
United Kingdom
+44 1306 746 080**

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications
On Behalf of the Person Filing Statement)

with copy to:

**David A. Zagore, Esq.
Squire, Sanders & Dempsey L.L.P.
4900 Key Tower
127 Public Square
Cleveland, Ohio 44114-1304
(216) 479-8610**

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

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ITEM 1. SUBJECT COMPANY INFORMATION.

Item 1. Subject Company Information

Name and Address

The name of the subject company to which this Solicitation/Recommendation Statement on Schedule 14D-9 (this "Schedule 14D-9") relates is Cascal N.V., a company organized under the laws of The Netherlands (the "Company" or "Cascal"). The address of the principal executive offices of the Company is Biwater House, Station Approach, Dorking, Surrey, RH4 1TZ, United Kingdom. The telephone number of its principal executive offices is 44-1306-746-080.

Securities

The title of the class of equity securities to which this Schedule 14D-9 relates is the Company's common shares, par value 0.50 per share (the "Shares"). As of May 24, 2010, 30,781,343 Shares were issued and outstanding.

ITEM 2. IDENTITY AND BACKGROUND OF FILING PERSON.

The filing person is the subject company, Cascal N.V. The name, address and telephone number of the filing person are incorporated by reference into this item from Item 1 of this Schedule 14D-9. The Company's website is www.cascal.co.uk. The website contains information relevant to the Offer (as hereinafter defined). No information contained on or linked to the website is a part of this Schedule 14D-9. No such information is incorporated herein by reference.

This schedule relates to the tender offer commenced on May 21, 2010 by Sembcorp Utilities PTE Ltd. ("Sembcorp Utilities") and Sembcorp Industries Ltd. ("Sembcorp Industries")(together Sembcorp Utilities and Sembcorp Industries are hereinafter referred to as "Sembcorp" or the "Offerors") for all Shares of Cascal N.V. at a purchase price of \$6.75 net per Share in cash, without interest, upon the terms and conditions set forth in the Offer to Purchase dated May 21, 2010 (the "Offer to Purchase") and in the related Letter of Transmittal (which, together with the Offer to Purchase and any amendments or supplements thereto, collectively constitute the "Offer") contained in the Schedule TO filed by Sembcorp (the "Schedule TO") with the United States Securities and Exchange Commission (the "SEC") on May 21, 2010. The terms and conditions of the Offer are incorporated by reference herein from the Schedule TO.

The principal business address for the Offerors is 30 Hill Street, #05-04, Singapore 179360.

ITEM 3. PAST CONTACTS, TRANSACTIONS, NEGOTIATIONS AND AGREEMENTS.

Except as set for the below, to the knowledge of the Company there are no material agreements, arrangements or understandings or actual or potential conflicts of

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interest between the Company or its affiliates and: (1) the Company, its executive officers, directors or affiliates; or (2) Sembcorp, and their respective executive officers, directors or affiliates. The Company is not affiliated with the Offerors and, except as discussed below, has had no material contacts, negotiations or agreements with the Offerors.¹

Biwater Investments Ltd., a limited company existing under the laws of England & Wales (“Biwater”) owns, directly or indirectly, approximately 58.5% of the Company’s issued and outstanding Shares (the “Biwater Stake”). The Company believes that, as of May 31, 2010, Mr. Adrian White, his family and family interests owned approximately 70% of the issued and outstanding capital stock of Biwater Holdings Limited, a limited company existing under the laws of England & Wales and the ultimate parent company of Biwater (“BHL”). Messrs. Lawrence Magor and Adrian White are directors of the Company and, to the Company’s knowledge, Mr. Magor is a director and the Chief Executive Officer of BHL. Biwater and BHL have entered into various agreements with Sembcorp to which the Company is not a party and has no independent knowledge of the terms of such agreements, other than to the extent disclosed in the Schedule TO. To the extent Biwater and BHL’s interests relating to the Offer differ from Cascal’s, Biwater and BHL and Messrs. Magor and White may be viewed as having a conflict of interest with Cascal.

Cascal’s arrangements and understandings with Sembcorp, Biwater and BHL are described below.

On July 29, 2008, Biwater wrote to the Company seeking its cooperation in the process of selling the Biwater Stake and, in particular, requesting the Company’s consent to the sharing of confidential information with prospective purchasers of the Biwater Stake. Biwater and the Company negotiated and entered into forms of a confidentiality agreement and side letter relating to the use and disclosure of the Company’s confidential information with third parties. Ultimately, Biwater ceased its 2008 effort to sell the Biwater Stake.

On October 15, 2009, Biwater sent a letter to the Cascal advising it that Biwater had decided to further explore a sale of the Biwater Stake. Biwater requested permission to share Cascal’s confidential information with Sembcorp in connection with a potential sale of the Biwater Stake. The parties agreed to enter into two interrelated confidentiality agreements that were substantially similar to the confidentiality agreements negotiated and entered into during the 2008 sale process by prospective purchasers: (i) a letter agreement between Cascal and BHL dated November 9, 2009 (the “Letter Agreement”) and (ii) a non-disclosure agreement between BHL and Sembcorp Industries, also dated November 9, 2009 (the “NDA”). The Letter Agreement and NDA appear as Exhibits (e)(1) and (e)(2), respectively, to this Schedule 14D-9 and are incorporated by reference herein

¹ For purposes of this Schedule 14d-9, the Company expresses no view as to whether or not Sembcorp and Biwater are affiliates for purposes of the Offer because of the terms and conditions of the various agreements between and among Biwater, BHL, Sembcorp Utilities and Sembcorp Industries, and if so, whether one or both of Sembcorp and Biwater are required to comply with Rules 13e-3 and 13e-4 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or other legal requirements.

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From November 2009 through March 2010, at the direction of a special independent committee of the Company's Board of Directors, Cascal made available to Biwater and its advisors substantial due diligence materials relating to the Company and its businesses. Sembcorp received access to such diligence materials, as well as access to the Company's management and facilities.

On March 1, 2010, representatives of Sembcorp met via video and teleconference with the Company's Board of Directors. During that meeting Sembcorp indicated that it desired to make an offer to acquire all the issued and outstanding Shares at a price in the range of US\$6.50 to US\$7.00 per share, subject to the Company's Board of Directors recommending the offer. The special committee requested Mr. Magor communicate to Sembcorp that the special committee of the Company's Board of Directors appreciated the presentation. However, the special committee declined to consider or comment on an unwritten offer at a nonspecific price.

On March 7, 2010, Sembcorp submitted a letter to the Company's Board of Directors that contained an offer by Sembcorp to make a tender offer to acquire all the issued and outstanding Shares at a fixed price of US\$6.75 per share. The offer was subject to certain conditions, including, among other things, that Biwater provide an irrevocable undertaking to tender its shares in the tender offer and that the Company's Board of Directors recommend the tender offer. The offer letter further provided that the tender offer would be subject to a minimum condition of 80% of the issued and outstanding Shares being validly tendered and not withdrawn. The letter also requested that the Exclusivity Period between Biwater and Sembcorp be extended to March 31, 2010.

On March 11, 2010, an independent committee of the Company's Board of Directors comprised of Messrs. Charles Auster, Willy Biewinga and Mitchell Sonkin sent a letter to Sembcorp in response to its March 7, 2010 offer letter. In pertinent part, the March 11 response indicated, "Based on our review of your March 7 letter, we cannot make a recommendation to our Board to support your proposed transaction because we believe the offer described in that letter is inadequate."

On April 26, 2010, Sembcorp Utilities, Biwater and BHL, entered into a Tender Offer and Stockholder Support Agreement (the "Tender Offer and Stockholder Support Agreement") pursuant to which, among other things, Sembcorp Utilities agreed to offer to acquire all of the issued and outstanding Shares for \$6.75, subject to reduction to US\$6.40 if less than 80% of the issued and outstanding Shares were validly tendered and not withdrawn prior to 11:00 a.m., New York City time, on Monday, June 21, 2010 (subject to the Offer being extended) and Biwater agreed to promptly and validly tender in the Offer the 17,868,543 shares of Common Stock held by it. We understand from public announcements made on May 30, 2010 that Biwater has tendered its shares. The Tender Offer and Stockholder Support Agreement was filed as Exhibit (d)(1) to the Schedule TO.

Since April 26, 2010, Cascal has initiated conversations with Sembcorp three times in order to negotiate an improved transaction. Sembcorp has declined to discuss any change in the terms of the Offer.

ITEM 4. THE SOLICITATION OR RECOMMENDATION.

Recommendation

The Board of Directors carefully considered the terms and conditions of the Offer. The Board of Directors held meetings to review and consider the Offer on May 25, 26, 27 and 30, 2010. At the meeting held on May 30, 2010, following a discussion among the independent members of the Board of Directors and advice from its financial, strategic and legal advisors, the Board of Directors, by unanimous vote (with Messrs. Magor and White recusing themselves due to Biwater' s interest in the Offer), determined that the Offer was inadequate to the holders of the Shares other than Biwater and not in the best interests of the Company' s stockholders.

ACCORDINGLY, AND FOR THE OTHER REASONS DESCRIBED IN MORE DETAIL BELOW, THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS (OTHER THAN BIWATER) REJECT THE OFFER AND NOT TENDER THEIR SHARES INTO THE OFFER.

IF YOU HAVE TENDERED YOUR SHARES INTO THE OFFER, THE BOARD RECOMMENDS THAT YOU WITHDRAW YOUR SHARES.

IF YOU HOLD SHARES THROUGH A BROKER OR NOMINEE, THE BOARD RECOMMENDS THAT YOU INSTRUCT YOUR BROKER TO REREGISTER YOUR SHARES IN YOUR NAME.

For assistance in withdrawing your Shares, you can contact your broker or our information agent, Innisfree M&A Incorporated ("Innisfree") at the address and phone number below.

Innisfree M&A Inc.
501 Madison Ave, 20th Floor
New York, NY 10022
Tel: 1-888-750-5834

In reaching the conclusions and in making the recommendation described above, the Board consulted with the Company' s management, as well as the Company' s financial, strategic and legal advisors, and took into account a number of reasons, described in more detail below including, but not limited to, the Board' s belief that the Offer undervalues the Shares based on the Company' s historical financial performance and future opportunities.

Reasons for the Board' s Recommendations.

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In reaching the conclusion that the Offer is inadequate and not in the best interests of the Company's stockholders, and in making the recommendations set forth above, the Board of Directors consulted with management of the Company and the Company's financial, strategic and legal advisors and took into account numerous factors, including, but not limited to, the following:

The Board of Directors belief that the Offer price is inadequate and substantially undervalues the Company.

On May 30, 2010, Janney Montgomery Scott LLC ("Janney"), the Company's financial advisor, rendered an oral opinion to the Board of Directors, which was subsequently confirmed in writing, to the effect that, as of that date and subject to certain assumptions and qualifications, the Offer consideration of \$6.75 (or \$6.40) per Share in cash was inadequate from a financial point of view to the stockholders of the Company (specifically excluding Biwater, as to which no view was expressed). For purposes of rendering its opinion, Janney conducted various analyses, including a comparison of the financial performance of the Company and the prices and trading activity of the Shares with that of certain other public companies and their securities, a review of the financial terms, to the extent publicly available, of certain comparable acquisition transactions, a discounted cash flow analysis and a premiums paid analysis. No particular weight was given to any analysis. Janney did not express an opinion as to a range of fair value for the Shares. However, the Offer consideration of \$6.75 (or \$6.40) is less than the low end of the range derived from each of the specified valuation methodologies. The opinion addresses only the adequacy of the consideration offered under the Offer from a financial point of view and is directed only to the Board of Directors. This description and the opinion do not constitute a recommendation to any Company stockholder as to whether they should tender their Shares pursuant to the Offer. A copy of Janney's opinion is filed as Exhibit (a)(7). The foregoing summary of such opinion is qualified in its entirety by reference to such exhibit.

The Board of Directors' belief that Biwater agreed to sell the Biwater Stake as a result of the significant financial distress of Biwater and BHL and as a direct result of pressure exerted by its principal lender, HSBC, which also acted as its financial advisor in negotiating the sale to Sembcorp.

The fact that by insisting on Biwater's commitment to tender and not withdraw the Biwater Stake pursuant to the Tender Offer and Stockholder Support Agreement, Sembcorp has attempted to prevent other potential bidders from proposing a superior transaction.

The fact that by announcing that Sembcorp intends to delist and deregister the Shares, Sembcorp is attempting to force the Company's stockholders to make the Hobson's choice between tendering into a two-tiered, undervalued tender offer and holding their Shares in the face of Sembcorp's announced intention to seek delisting and deregistration, thereby eliminating both a future market for the Shares and information to be filed with the SEC.

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The Board of Directors' commitment to exploring strategic alternatives to maximize stockholder value of the Shares for the benefit of stockholders, including seeking a superior alternative to the Offer, which may include a business combination of the Company with third parties or other strategic or financial alternatives that could deliver higher stockholder value than the Offer. The Company has received indications of interest from third parties with respect to possible business combination transactions involving the Company since the Offer was commenced at higher consideration per Share to stockholders.

The fact that the Offer, if successful, could preclude Cascal from consummating an alternative transaction that could provide superior value to the Company's stockholders. In order to afford the Company an opportunity to explore strategic alternatives, the Board of Directors has considered and may implement a number of defensive actions against the Offer. In such event, the Company would promptly amend this Schedule 14D-9 to provide any additional required disclosure relating to such defensive actions.

The Board of Directors has recommended that all stockholders register their Shares in their own name in order to frustrate Sembcorp's announced intention of deregistering under United States' securities laws and thereby depriving remaining Cascal stockholders (other than Sembcorp) of detailed financial and business information mandated by the securities laws. Sembcorp cannot effect a squeeze out merger under applicable Dutch law unless it owns 95% of the issued and outstanding Shares. Moreover, Dutch law does not provide for reverse stock splits in order to forcibly eliminate stockholders on an involuntary basis. SEC regulations would require Cascal to continue to file information and reports if on the last day of Cascal's fiscal year, Cascal had more than \$10 million of assets and more than 500 shareholders worldwide and at least 300 shareholders resident in the United States. For purposes of the "500 shareholder" test, the SEC rules and guidance do not treat Cede & Co. as a single record holder; instead, the SEC rules and guidance treat each "participant" at DTC that owns shares through Cede & Co. as a single record holder. Therefore, for this purpose a beneficial owner would not count as a record holder unless that record holder has its shares registered in its name and not its broker's name (and therefore does not hold them in "street name"). For purposes of this "300 shareholder" test, we believe that each separate account held by participants in Cede & Co. for the benefit of a United States resident and reported to Cascal would count toward the United States shareholder requirement.

The foregoing discussion of the information and factors considered by the Board of Directors of the Company is not intended to be exhaustive but addresses the material information and factors considered by the Board of Directors in its consideration of the Offer. In view of the variety of factors and the amount of information considered, the Board of Directors did not find it practicable to provide specific assessments of, quantify or otherwise assign any relative weights to, the specific factors considered in determining their recommendations. The Board of Directors' determination was made after consideration of the factors taken as a

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whole. Individual members of the Board of Directors may have given differing weights to different factors. In addition, in arriving at their respective recommendations, the members of the Board of Directors were aware of the interests of certain officers and directors of the Company as described in Item 3 above and in the Company's Annual Report of Form 20-F filed July 1, 2009. However, the Board of Directors does not believe such interests create any actual or potential conflict of interest.

Intent to Tender.

To the knowledge of the Company, none of the Company's directors or executive officers (other than Messrs. Magor and White who are affiliated with Biwater and BHL) currently intends to tender any of their Shares for purchase pursuant to the Offer.

ITEM 5. PERSON/ASSETS, RETAINED, EMPLOYED, COMPENSATED OR USED.

Janney was retained by the Company to act as financial advisor in connection with the Board's evaluation of possible strategic alternatives. In connection with such assignment, Janney is also advising the Board with respect to the Offer. The Company has agreed to pay Janney customary compensation for its services, a portion of which became payable upon the rendering of the inadequacy opinion described herein and a significant portion of which is contingent upon a sale of the Company and/or the consummation of other transactions. The Company has also agreed to indemnify Janney and certain related persons against certain liabilities relating to or arising out of its engagement. Janney has previously been engaged by the Company to provide certain investment banking services in matters unrelated to the Offer, for which Janney has received (or expects to receive) customary fees.

The Company has retained Innisfree as the Company's information agent and to assist it in connection with communications with its stockholders with respect to the Offer, to monitor trading activity in the Shares and to identify investors holding large positions of Shares in street name. The Company has agreed to pay Innisfree customary compensation for its services and reimbursement of certain expenses in connection with their engagement. The Company has also agreed to indemnify Innisfree against certain liabilities arising out of or in connection with their engagement.

The Company has retained KCSA Strategic Communications ("KCSA") as its public relations advisor in connection with the Offer. The Company has agreed to pay customary compensation for such services and to reimburse KCSA for its out-of-pocket expenses arising out of or in connection with its engagement.

ITEM 6. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

Except as disclosed under this item, during the past 60 days, no transactions with respect to the Shares have been effected by the Company or, to the Company's knowledge after reasonable inquiry by any of its current executive officers, directors, affiliates or subsidiaries, except for the following:

On April 26, 2010, Biwater and BHL entered into the Tender Offer and Stockholder Support Agreement

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Effective April 27, 2010, the Company granted 200,000 Shares (“Restricted Shares”) to WAGCAP Advisors LLC, an Ohio limited liability company (the “Consultant”) through which Michael Wager, a former director of Cascal, is providing consulting services. The Restricted Shares vest on April 27, 2011, subject to accelerated vesting upon a termination by the Company without cause or by Consultant for good reason or forfeiture upon terminated by the Company for cause or by Consultant without good reason.

No information has been included in this Item 6 with respect to any transactions that have been effected within the past 60 days by persons or entities that hold 5% or more of the outstanding Shares but are otherwise unaffiliated with the Company.

ITEM 7. PURPOSES OF THE TRANSACTION AND PLANS OR PROPOSALS.

The Company is actively considering and negotiating alternative transactions that may offer a superior transaction to stockholders or that may contribute to overall stockholder value, including debt and/or equity capital markets transactions, private financings, and the sale of all or substantially all of assets or capital stock of the Company and/or its subsidiaries. The Company has entered into confidentiality and similar agreements relating to such potential transactions, but as of the date of this filing, has not entered into any definitive agreement with respect to the foregoing and would amend this Schedule 14D-9 in the event of any such agreement. The Company cannot offer any assurance that it will enter into or consummate any such transaction in the future.

Except as otherwise set forth in this Schedule 14D-9 or as incorporated in this Schedule 14D-9 by reference, the Company is not currently undertaking or engaged in any negotiations in response to the Offer that relate to, or would result in, (i) a tender offer for, or other acquisition of, the Shares by the Company, any of its subsidiaries, or any other person, (ii) any superior transaction, such as a merger, reorganization, or liquidation, involving the Company or any of its subsidiaries, (iii) any purchase, sale, or transfer of a material amount of assets of the Company or any of its subsidiaries, or (iv) any material change in the present dividend rate or policy, or indebtedness or capitalization, of the Company.

ITEM 8. ADDITIONAL INFORMATION.

The information contained in all of the Exhibits referred to in Item 9 below is incorporated herein by reference in its entirety.

ITEM 9. EXHIBITS.

The following exhibits are filed herewith:

<u>Exhibit Number</u>	<u>Description</u>
(a)(1)	Press release issued by Cascal N.V. on April 30, 2010
(a)(2)	Press release issued by Cascal N.V. on April 30, 2010

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<u>Exhibit Number</u>	<u>Description</u>
(a)(3)	Press release issued by Cascad N.V. on May 5, 2010
(a)(4)	Press release issued by Cascad N.V. on May 5, 2010
(a)(5)	Press release issued by Cascad N.V. on May 11, 2010
(a)(6)	Press release issued by Cascad N.V. on May 13, 2010
(a)(7)	Janney Montgomery Scott LLC' s Inadequacy Opinion dated May 30, 2010
(e)(1)	Letter agreement between Cascad and BHL dated November 9, 2009
(e)(2)	Non-disclosure agreement between BHL and Semcorp Industries, dated November 9, 2009
(e)(3)	Tender Offer and Stockholder Support Agreement by and among Semcorp Utilities, Biwater and BHL dated April 26, 2010

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

/s/ Jonathan Lamb

Name: Jonathan Lamb

Title: General Counsel & Company Secretary, Cascad N.V

June 1, 2010

Date

EXHIBIT INDEX

ITEM 9. EXHIBITS.

The following exhibits are filed herewith:

<u>Exhibit Number</u>	<u>Description</u>
(a)(1)	Press release issued by Cascal N.V. on April 30, 2010 filed by the Company with the SEC under cover of Schedule 14D-9 on such date
(a)(2)	Press release issued by Cascal N.V. on April 30, 2010 filed by the Company with the SEC under cover of Schedule 14D-9 on such date
(a)(3)	Press release issued by Cascal N.V. on May 5, 2010 filed by the Company with the SEC under cover of Schedule 14D-9 on such date
(a)(4)	Press release issued by Cascal N.V. on May 5, 2010 filed by the Company with the SEC under cover of Schedule 14D-9 on such date
(a)(5)	Press release issued by Cascal N.V. on May 11, 2010 filed by the Company with the SEC under cover of Schedule 14D-9 on such date
(a)(6)	Press release issued by Cascal N.V. on May 13, 2010 filed by the Company with the SEC under cover of Schedule 14D-9 on such date
(a)(7)	Janney Montgomery Scott LLC' s Inadequacy Opinion dated May 30, 2010
(e)(1)	Letter agreement between Cascal and BHL dated November 9, 2009
(e)(2)	Non-disclosure agreement between BHL and Sembcorp Industries, dated November 9, 2009
(e)(3)	Tender Offer and Stockholder Support Agreement by and among Sembcorp Utilities, Biwater and BHL dated April 26, 2010 (incorporated by reference from Exhibit (a)(42) to the Schedule to filed by Sembcorp on May 21, 2010.)

Exhibit (a)(7)

[Letterhead of Janney Montgomery Scott LLC]

Board of Directors
Casal N.V.
Bewater House, Station Approach
Dorking, Surrey RH4 1TZ
United Kingdom

Members of the Board:

We understand that Sembcorp Utilities Pte Ltd. (the "*Purchaser*"), a wholly-owned subsidiary of Sembcorp Industries Ltd. ("*Sembcorp*"), has commenced a tender offer (the "*Offer*") to purchase all of the outstanding common shares, \$.50 par value per share (the "*Common Shares*"), of Casal N.V. ("*Casal*" or the "*Company*") at a purchase price of U.S.\$6.75 per share in cash, or \$6.40 per share in the event that Sembcorp is not able to acquire at least 80% or more of Casal's outstanding common shares (the "*Offer Consideration*"), upon the terms and subject to the conditions set forth in the Offer to Purchase (the "*Offer to Purchase*") and the related Letter of Transmittal (the "*Letter of Transmittal*"), each contained in the Tender Offer Statement on Schedule TO filed by the Purchaser and Sembcorp with the Securities and Exchange Commission on May 21, 2010 (the "*Schedule TO*" and, together with the Offer to Purchase and the Letter of Transmittal, the "*Offer Documents*"). The terms and conditions of the Offer are set forth in more detail in the Offer Documents.

You have asked for our opinion as to whether the Offer Consideration offered by the Purchaser to the holders of Casal Common Shares pursuant to the Offer is adequate from a financial point of view to such holders (other than Bewater Investments Ltd. as to which we express no view).

For purposes of the opinion set forth herein, we have:

- a) reviewed certain publicly available financial statements and other business and financial information of the Company;
- b) reviewed certain internal financial statements and other financial and operating data concerning the Company prepared by the management of the Company;
- c) reviewed certain financial projections prepared by the management of the Company and discussed such projections with the management of the Company;
- d) discussed the past and current operations and financial condition and the prospects of the Company, including information related to strategic, financial and operational plans, with the management of the Company;
- e) reviewed the reported prices and trading activity for the Casal Common Shares;
- f) compared the financial performance of the Company and the prices and trading activity of the Casal Common Shares with that of certain other public companies and their securities;
- g) reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;
- h) performed a discounted cash flow analysis;

- i) performed a premiums paid analysis;
- j) reviewed the Offer Documents and certain related documents, and;
- k) performed such other analyses and considered such other factors as we have deemed appropriate.

We have assumed and relied upon without independent verification the accuracy and completeness of the information made available to us by the Company, reviewed by us, or publicly available for the purposes of this opinion and do not assume any responsibility with respect to such information. With respect to the financial projections for the Company, including information relating to certain strategic, financial and operational plans, management of the Company has advised us, and we have assumed, that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance of the Company. We have assumed that the Offer and any subsequent acquisition transaction will be consummated as contemplated in the Offer Documents. We are not legal, tax or regulatory advisors and have relied upon, without independent verification, the assessment of the Company and its legal, tax and regulatory advisors with respect to legal, tax or regulatory matters. We have not made any independent valuation or appraisal of the assets or liabilities of the Company, nor have we been furnished with any such appraisals. Our opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this opinion and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this opinion. The financial markets in general, and the markets for the securities of the Company, in particular, are subject to substantial volatility, and this opinion does not purport to address potential developments in the financial markets or in the markets for the securities of the Company after the date hereof.

We have acted as financial advisor to the Board of Directors of the Company in connection with this transaction and will receive a fee for our services. In addition, the Company has agreed to reimburse certain of our expenses and to indemnify us and certain related parties for certain potential liabilities arising out of our engagement. The issuance of this opinion was approved by a committee authorized to approve opinions of this nature. In the past, Janney Montgomery Scott LLC and its affiliates have provided financial advisory and financing services for the Company and have received fees for the rendering of these services. In the ordinary course of our trading, brokerage, investment management and financing activities, Janney Montgomery Scott or its affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for our own account or the accounts of customers, in debt or equity securities of Purchaser, the Company or any other company or any currency or commodity that may be involved in the Offer.

It is understood that this letter is solely for the use and benefit of the Board of Directors of the Company in connection with its consideration of the Offer and may not be used or relied upon by any other person or for any other purpose without our prior written consent, except that a copy of this opinion may be included in its entirety in any filing the Company is required to make with the Securities and Exchange Commission and other governmental or self-regulatory authorities or stock exchanges in connection with the Offer if such inclusion is required by applicable law or the regulations of any such authority or exchange. This opinion should not be construed as creating

any fiduciary duty on the part of Janney Montgomery Scott LLC to any party. This opinion is not intended to be and shall not constitute a recommendation to the Board of Directors of the Company on how to act with respect to the Offer, or to any holder of Cascad Common Shares as to whether to tender Cascad Common Shares pursuant to the Offer. In addition, this opinion does not in any manner address the prices at which Cascad Common Shares will actually trade at any time.

Based upon and subject to the foregoing, we are of the opinion on the date hereof that the Offer Consideration to be received by the holders of Cascad Common Shares pursuant to the Offer is inadequate from a financial point of view to such holders (other than Biwater Investments Ltd. as to which we express no view).

Very truly yours,

JANNEY MONTGOMERY SCOTT LLC

By: (Signed) Joseph D. Culley Jr.
Managing Director



The Board of Directors
 Cascal N.V.
 Biwater House
 Station Approach
 Dorking
 Surrey, RH4 1TZ
 United Kingdom

9 November 2009

Dear Sirs

Project Atlantis II

We refer to Biwater plc' s letter to Cascal N.V dated 15 October, 2009 and the *Non-Compete, Confidentiality and Director Non-Removal Agreement* (the **Agreement**) dated 3 January 2008, between Cascal B.V. (now Cascal N.V.) (**Cascal**) and Biwater plc (**Biwater**). Capitalised terms not defined in this letter have the meaning given to them in the Agreement. Clause 2 of the Agreement provides that Biwater will keep confidential any Confidential Information supplied to it by Cascal and will not disclose such Confidential Information without the prior written consent of Cascal.

Biwater has engaged with certain interested parties listed in Schedule I (the **Potential Purchasers**) for the sale by it of up to 58.5 per cent of the share capital of Cascal (the **Transaction**). In connection with the Transaction, Cascal has agreed in principle to make available and to authorise Biwater to make available, to Potential Purchasers certain Confidential Information relating to Cascal and its subsidiary undertakings through an electronic data room, in connection with Cascal management presentations, and in any other manner expressly authorized in writing by Cascal (the **Cascal Confidential Information**), subject to Cascal' s rights to limit the availability of the Cascal Confidential Information if Cascal deems that to be in the corporate interest of Cascal.

By signing and returning a copy of this letter agreement to Biwater, Cascal hereby consents, for the purposes of the Agreement, to Biwater providing Cascal Confidential Information to Potential Purchasers. In consideration for Such consent:

- (a) Biwater shall only provide the Cascal Confidential Information to those Potential Purchasers who have entered into confidentiality agreements set Out in Schedule 2 to this letter agreement, subject to such amendments as Cascal (or by its advisers on behalf of Cascal) may agree in writing (including email) (such agreement not to be unreasonably delayed) (each such confidential agreement entered into with a Potential Purchaser being a **Transaction NDA**);
- (b) where a Transaction NDA provides for a consent, approval or authorisation from Biwater as to any act or omission of a Potential Purchaser other than as set out in the paragraph entitled "Standstill Obligation" of the relevant Transaction NDA, Biwater shall not, subject to paragraph (e) below, provide any such consent, approval or authorisation, where to do so would result in the disclosure or treatment of any Cascal Confidential Information by a Potential Purchaser on terms other than as set out in the

www.biwater.com

Biwater Plc

Biwater House, Station Approach, Dorking, Surrey RH4 1TZ England
 tel +44 (0)1306 740740 fax +44 (0)1306 885233

Registered in England No. 929686 Registered Office Biwater House, Station Approach, Dorking, Surrey

relevant Transaction NDA, without Cascal' s prior written consent, which may be withheld on the same basis and to the same extent as Biwater is permitted to withhold its consent under the relevant Transaction NDA;

(c) Biwater shall, as soon as practicable:

(i) notify Cascal of a Potential Purchaser' s response to any request made pursuant to paragraph (d)(i) below or otherwise made by Biwater in relation to any Cascal Confidential Information under a Transaction NDA or any notice from a Potential Purchaser that any Cascal Confidential Information has been disclosed to or obtained by a third party (other than as permitted by the relevant Transaction NDA); and

(ii) to the extent practicable and legally permissible, consult with Cascal as to the proposed form, timing, nature and purpose of any announcement to be made by a Proposed Purchaser on terms permitted by a Transaction NDA and requiring Biwater consultation or consent;

(d) Biwater shall, at the written request of Cascal and where the relevant Transaction NDA confers on Biwater the express right so to do:

(i) require that a Potential Purchaser identify the location(s) at which any Cascal Confidential Information provided to it is kept; and

(ii) require that a Potential Purchaser comply with its obligations in the relevant Transaction NDA to return, destroy or expunge any Cascal Confidential Information, provided that Biwater shall not be obliged to comply with such a request from Cascal received on or prior to 31 March 2010 if, at that time, negotiations between Biwater and the relevant Potential Purchaser in connection with the Transaction are ongoing;

(e) Biwater shall not, without Cascal' s prior written consent, consent to or approve a Potential Purchaser taking any action which would otherwise be restricted by the obligations set out in the paragraph entitled "Standstill Obligation" of the relevant Transaction NDA, provided that Cascal' s prior written consent shall not be required:

(i) for the consummation of the Transaction; or

(ii) in connection with a Potential Purchaser acquiring or offering to acquire, or causing another person to acquire or to offer to acquire, any interest in any shares of Cascal pursuant to an offer or tender for all of the share capital of Cascal not already held by it either:

(A) following its acquisition of those Cascal shares sold by Biwater to that Potential Purchaser in the Proposed Transaction; or

(B) which includes those Cascal shares sold by Biwater to that Potential Purchaser in the Proposed Transaction,

in each case where (i) such acquisition or offer is made on the same terms (including as to price and form of consideration) for all Cascal shares (including those being acquired from Biwater in the Transaction) (an **Equivalent Offer**) and (ii) no agreement (whether contingent, conditional or otherwise), arrangement or understanding exists as to the acquisition by that Potential

Purchaser of any Cascal shares held by Biwater and not sold by it into or in connection with the Equivalent Offer;

- (f) Biwater shall not, without Cascal' s prior written consent, consent to a Potential Purchaser soliciting for employment or employing any person who is employed by a member of the Cascal Group, where such solicitation or employment would otherwise not be permitted by the relevant Transaction NDA;
- (g) Biwater shall not agree to vary or terminate a Transaction NDA without Cascal' s prior written consent;
- (h) Biwater shall reimburse the reasonable fees and expenses incurred by Cascal which relate predominantly to the Transaction as the Transaction evolves (the **Cascal Costs**), including, without limitation, the reasonable fees and expenses of legal counsel and of any financial advisor of Cascal and any incremental sums paid to the Special Committee (as defined in paragraph m below) , provided that:
 - (i) Biwater shall reimburse Cascal promptly following receipt of a valid invoice from Cascal detailing such Cascal Costs (subject to the omission of details for reason of protecting the attorney-client privilege);
 - (ii) the Cascal Costs shall not include any costs and expenses incurred by Cascal, or by any of its directors or management:
 - (A) after receipt (including by way of a letter of intent) by or on behalf of Cascal of a bona fide offer to be effected by way of an Equivalent Offer (a **General Offer Event**); and
 - (B) predominantly in the pursuit by Cascal of any transaction alternative to the Transaction or any offering of Cascal Shares; and
 - (iii) Biwater' s obligation to reimburse Cascal in respect of Cascal Costs shall be limited to US\$ 475,000 in aggregate; and
- (i) Biwater shall, on receipt of a written request to that effect from Cascal, use all reasonable endeavours to pursue a valid claim by Cascal against a Potential Purchaser for material breach of a Transaction NDA (an **Cascal Action**) provided that:
 - Biwater shall only be obliged to pursue or continue to pursue an Cascal Action if and to the extent it would be reasonable so to do, having regard to such factors as a board of directors of a publicly listed company would, acting reasonably, properly have regard to, including, but not limited to, the likely expenses such an Cascal Action would involve, the likelihood of success and, where damages would be an adequate remedy for the damages suffered, whether the quantum of damages which could be recoverable would merit the action proposed;
 - (ii) Cascal shall reimburse Biwater, out of any amounts recovered from a Potential Purchaser in respect of an Cascal Action, for any reasonable costs incurred by Biwater in pursuing an Cascal Action and Biwater shall be entitled to deduct any such costs from any sum received by it on behalf of Cascal and representing any amounts recovered from a Potential Purchaser in respect of such Cascal Action;

- (iii) Biwater shall not be obliged to pursue an Cascal Action unless Cascal has provided Biwater with advice from its legal advisers to the effect that the Cascal Action is likely, on a balance of probabilities, to be successful;
- (iv) Cascal shall and shall procure that each relevant member of the Cascal Group makes available to Biwater such persons and all such information as Biwater may require in order to pursue the Cascal Action;
- (v) Biwater shall not be obliged to pursue (or reimburse Cascal for costs incurred in respect of) any Cascal Action against a Potential Purchaser after the earlier of:
 - (A) Cascal having entered into a direct agreement with that Potential Purchaser in relation to Cascal Confidential Information; and
 - (B) closing of an offer or tender made by that Potential Purchaser for all of the share capital of Cascal not already held by it; and
- (vi) Biwater will keep Cascal informed regarding developments with respect to each Cascal Action, and will not settle any such Cascal Action without Cascal's written consent.

In the event of a dispute between Cascal and Biwater as to whether an Cascal Action is a valid claim, either party may serve written notice (a **Determination Notice**) on the other that it wishes to refer such Cascal Action to expert determination by a Queen's Counsel of not less than ten (10) years' standing (the **Expert**), which Queen's Counsel shall act as an expert and not as an arbitrator. If a Determination Notice is served:

- (A) the Expert to be appointed shall be agreed in writing by Cascal and Biwater or, in default of agreement within five business days of the date of the Determination Notice, shall be nominated, on the application of either party, by the President for the time being of the Bar Council of England and Wales;
- (B) the Expert shall be jointly instructed by or on behalf of Cascal and Biwater to determine within 20 business days of his nomination whether or not, in his opinion, the relevant Cascal Action is likely on a balance of probabilities to be adjudged to be successful by a court of competent jurisdiction; and
- (C) each of Biwater and Cascal shall provide the Expert with all relevant information about such Cascal Action in its possession or that of any of its affiliates together with any other information in its possession or that of any of its affiliates which the Expert may reasonably request for the purpose of making his determination; and
- (D) If the Expert Counsel determines that:
 - (AA) the Cascal Action is likely to be successful on a balance of probabilities, the Expert's fees shall be borne by Biwater; or
 - (BB) the Cascal Action is not likely to be successful on a balance of probabilities' the Expert's fees shall be borne by Cascal.

Nothing in this clause (i) or in any Transaction NDA shall limit the right of Cascal to pursue a claim, either on its own behalf or on behalf of any member of the Cascal Group, under a Transaction NDA at its own expense as a third party beneficiary thereunder, without first obtaining the consent of Biwater as may be ostensibly provided for under the relevant Transaction NDA, or to monitor an Cascal Action pursued by Biwater at the expense of Cascal or another member of the Cascal Group;

neither this letter nor any of the Transaction NDAs amends the Agreement, and all provisions of the Agreement are hereby ratified and confirmed and nothing in this letter agreement or Biwater' s entry into a Transaction NDA shall, subject to paragraph (k) below, affect its obligations under the Agreement, which obligations, for the avoidance of doubt, apply to Biwater' s conduct, and the conduct of the Offeror, the Offeror Group, and the Authorised Recipients under each Transaction NDA on the basis that the parties to this letter agree

(j) Potential Purchasers are Biwater Representatives under the Agreement, provided that Biwater shall not be responsible for the actions of a Potential Purchaser after the earlier of (i) Cascal having entered into a direct agreement with that Potential Purchaser in relation to Cascal Confidential Information; and (ii) closing of an offer or tender made by that Potential Purchaser for all of the share capital of Cascal not already held by it;

(k) having regard to paragraph (i) above, Cascal agrees that an act in compliance with the terms of a Transaction NDA shall not constitute a breach of the Agreement;

(l) in the event that the Transaction does not proceed, Biwater shall not initiate a transaction substantially the same as the Transaction at any time prior to 31 December 2010;

(m) Biwater (as Cascal' s majority shareholder) shall reach agreement (in accordance with the listing rules of the NYSE, U.S federal laws and Dutch law) with Cascal and the members of Cascal' s Special Committee of its Board of Directors constituted for the purposes of Project Atlantis II (the "Special Committee") as to the quantum and methodology for ensuring that members of the Special Committee are adequately compensated for the incremental work arising out of Project Atlantis II;

(n) for the avoidance of doubt, Biwater shall ensure that any agreement implementing a Transaction shall be expressly without prejudice to the rights of Cascal under the related Transaction NDA accrued prior to the execution of such agreement, including, without limitation, the ongoing obligation to maintain the confidentiality of the Cascal Confidential Information; and

- Biwater shall reimburse Cascal and settle all outstanding sums (to the extent unpaid by Biwater as at the date of this letter) due to
- (n) Cascal' s professional advisors in accordance with the Side Letter dated 23 September 2008 on or before 30 November 2009, to include without limitation:

<u>Supplier (invoice number)</u>	<u>Full Amount (inc VAT)</u>
Herbert Smith (11147737)	£ 19,857.50
Herbert Smith (11148727)	£ 48,099.26
Stibbe (102444)	USD\$ 1,112.53
Stibbe (102538)	USD\$ 7,935.97
Stibbe (102541)	USD\$ 24,968.71
Stibbe (102731)	USD\$ 9,912.61
Intralinks (102543)	USD\$ 2,000

All Squires Sanders & Dempsey LLP invoices issued to Biwater in respect of Project Atlantis (less agreed discounts)

This letter agreement shall be governed by English law and any non-contractual obligations arising out of or in connection with this letter agreement, including any non-contractual obligations arising out of the transactions contemplated by this letter agreement, shall be governed by English law.

Please sign and return the enclosed duplicate of this letter agreement by way of Cascal' s agreement to the above terms.

Yours faithfully



By: Philip Wainright
for and on behalf of Biwater plc

Agreed and Accepted



By
Jonathon Lamb
for and on behalf of Cascal N.V.

Dated 9/11/09.

SCHEDULE 2
TRANSACTION NDAs

7



Strictly private and confidential

Sembcorp Industries Ltd
30 Hill Street
#05-04
Singapore 179360

9 November 2009

For the attention of: Mr Daniel Goh

Dear Sirs,

In connection with your consideration of a possible offer by Sembcorp Industries Ltd (the **Offeror**) to acquire, directly or indirectly, the 58.5% interest in the share capital of Cascal NV (**Cascal**) held by Biwater Investments Limited, a subsidiary of Biwater plc (the **Seller**) (the **Proposed Transaction**), this letter sets out the terms on which we, or any of our Connected Persons, agree to supply you with certain confidential information.

In this letter:

Affiliates means, for the purposes of this agreement, any company in which Cascal, the Offeror or Seller as applicable, retains direct or indirect ownership or control of 20% or more of the equity share capital of the company;

Authorised Recipients means, to the extent that they need access to Information for the purposes of or in connection with evaluating or negotiating the Proposed Transaction, other members of the Offeror' s Group and each of the Offeror' s and their respective officers, employees, advisers (including, without limitation, attorneys, accountants, consultants and financial advisers), agents and Affiliates;

Connected Persons means other members of Cascal' s Group or the Seller' s Group and each of Cascal and the Seller and their respective officers, employees, advisers and agents;

Group means, in relation to each of Cascal, the Offeror and the Seller; Cascal, the Offeror or the Seller, as the case may be, their Affiliates and each of their respective subsidiary undertakings and fellow subsidiary undertakings as defined in the Companies Act 2006; and

Information means, all information, of whatever nature, supplied to the Offeror or its Authorised Recipients by or on behalf of Cascal or Seller, relating wholly or partly to the Cascal Group or Seller Group, whether orally, in writing or in any form or medium and whether before or after the date of this letter (including but not limited to information concerning the Cascal Group or Seller Group' s business, assets, affairs, employees, customers and suppliers), together with all analyses, memoranda or other documents or information which contain or reflect or are generated from such information.

In consideration of the Seller or its Connected Persons agreeing to supply Information to the Offeror, the Offeror undertakes and agrees with the Seller and Cascal as follows:

www.biwater.com

Biwater Plc

Biwater House, Station Approach, Dorking, Surrey RH4 1TZ England
tel +44 (0) 1306 740740 fax +44 (0) 1306 885233

Registered in England No. 929686 Registered Office Biwater House, Station Approach, Dorking, Surrey



1. Duty of Confidentiality

- 1.1 The Offeror shall hold the Information in strict confidence and will not disclose, copy, reproduce or distribute any of it or otherwise make it available to any person other than an Authorised Recipient (on condition that they will not disclose, copy, reproduce, distribute or otherwise make it available to any other person who is not an Authorised Recipient) or otherwise without the Seller' s specific prior written approval (which may be withheld in the Seller' s absolute discretion).
- 1.2 The Offeror and its Authorised Recipients shall use the Information solely for the purpose of evaluating and negotiating the Proposed Transaction and for no other purpose.
- 1.3 The Offeror shall ensure that each Authorised Recipient to whom Information is disclosed is made aware of (in advance of disclosure), and adheres to, the obligations provided for in this letter, in the same or substantially similar terms of this letter.
- 1.4 The Offeror shall keep a list of Authorised Recipients to whom any Information is given and the Offeror shall make the list available to the Seller on its written demand.
- 1.5 The Offeror and its Authorised Recipients shall keep the Information securely and properly protected against theft, damage, loss and unauthorised access (including access by electronic means). If so required by the Seller, the Offeror shall promptly identify the location(s) at which any Information provided by the Seller or any of its Connected Persons is kept to the extent reasonably practicable. The Offeror shall notify the Seller immediately upon becoming aware that any of the Information has been disclosed to or obtained by a third party (otherwise than as permitted by this letter).
- 1.6 The Offeror shall be responsible for any breach of the terms of this letter by any Authorised Recipient.

- 1.7 The Offeror shall apply for any Information it requires, and shall direct enquiries concerning any Information supplied, only to Calvin Man (tel: +44 (0) 20 7991 9925, email: calvin.man@hsbcib.com) or such other representative(s) of the Seller as the Seller may subsequently notify to the Offeror.

2. Exceptions

The undertakings in paragraph 1 shall not apply to Information which:

- (a) at the time of supply is in the public domain;
- (b) subsequently comes into the public domain, except through breach of the undertakings set out in this letter or through breach of any other duty of confidentiality relating to that Information;
- (c) is already in, or subsequently comes into, the Offeror' s lawful possession or that of any Authorised Recipient (as evidenced by written records) and has not been obtained in breach of any contractual obligations or any other confidentiality obligations owed to the Seller, Cascal or any of their Connected Persons; or
- (d) is required to be disclosed by law, regulation or any governmental or competent regulatory authority (including without limitation, any securities exchange), as



long as and to the extent reasonably practicable the Offeror consults with the Seller before such disclosure on the proposed form, timing, nature and purpose of the disclosure.

3. Announcements

3.1 The Offeror shall not, without the Seller's prior written consent, reveal to any person other than an Authorised Recipient or otherwise announce that the Proposed Transaction is (or was) under consideration, that negotiations or discussions are (or were) taking place between the Offeror and the Seller, or any of their Connected Persons, the status or progress of such negotiations (including termination of negotiations) or that Information has been provided.

3.2 The restrictions in subparagraph 3.1 above will not apply if, and to the extent that, an announcement is required by law, regulation or any governmental or competent regulatory authority (including without limitation, any securities exchange), as long as the Offeror first consults with the Seller, to the extent reasonably practicable, on the proposed form, timing, nature and purpose of the announcement.

4. Return/Destruction of Information

Upon the written request of the Seller, the Offeror will immediately at its own cost and expense:

- (a) return to the Seller (without keeping any copies) all documents containing information or relating to the negotiations or discussions about the Proposed Transaction, whether or not in the possession of the Offeror;
- (b) destroy all copies of any analyses, memoranda or other documents derived from the Information, whether or not in the possession of the Offeror; and
- (c) expunge all Information from any computer, word processor or other device containing the Information and belonging to the Offeror, its Authorised Recipients or any other person in which it is held.

5. No Representation or Warranty

5.1 The Offeror acknowledges and agrees on its own behalf and on behalf of its Authorised Recipients that the information does not purport to be all inclusive and that no representation or warranty has been or will be made by the Seller or Cascal or any of their Connected Persons as to the accuracy, reliability or completeness of any of the Information supplied to the Offeror or its Authorised Recipients.

5.2 The Offeror acknowledges and agrees on its own behalf and on behalf of its Authorised Recipients that neither the Seller Group, the Cascal Group nor any of their Connected Persons shall:

- (a) have any liability to the Offeror or to any other person resulting from the use of Information by the Offeror or its Authorised Recipients; or
- (b) be under any obligation to provide further Information, update Information or correct any inaccuracies in Information.



This subparagraph does not exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

Save as expressly set out in this letter, the Offeror acknowledges and agrees on its own behalf and on behalf of its Authorised Recipients 5.3 that neither the Seller, Cascad nor any of their Connected Persons shall have any duty of care to the Offeror or its Authorised Recipients or to any other person.

6. Insider Dealing

6.1 The Offeror, for itself and on behalf of its Authorised Recipients, acknowledges and agrees that the Proposed Transaction and some or all of the Information may be inside information and/or price sensitive information and/or material non-public information relating to the securities of Cascad and that accordingly provisions of applicable securities laws, including but not limited to U.S. securities laws, may restrict or prohibit the use and/or disclosure of such information.

6.2 The Offeror undertakes that, until all Information received by the Offeror or its advisers under this letter has ceased to be price sensitive, it will:

- (a) not deal in any way in any securities (equity and debt) of Cascad or in any securities whose price or value may be related to or affected by the price or value of Cascad securities or in any derivative products related to any such securities or interests in any of them (**Relevant Investments**);
- (b) not encourage, advise, instruct or induce any other person to deal in Relevant Investments; and
- (c) procure that each person to whom any Information is disclosed under paragraph 1 of this letter will refrain from dealing in Relevant Investments and from encouraging any other person to deal in Relevant Investments,

save as permitted under applicable law.

7. Standstill Obligation

Without the prior written consent of the Seller, neither the Offeror nor any other member of the Offeror' s Group will, directly or indirectly, alone or with others, for a period of 12 months from the date on which negotiations between us in respect of the Proposed Transaction cease:

- (a) acquire or offer to acquire, or cause another person to acquire or to offer to acquire, any direct or indirect interest in any shares or other securities or assets of Cascad or any other member of the Seller' s Group or do or omit to do any act as a result of which it or any person connected to it may acquire any direct or indirect interest in any shares or other securities or assets of Cascad or any other member of the Seller' s Group;
- (b) make or in any way participate, directly or indirectly, in any solicitation of proxies or votes or any attempt to influence votes from or by any holder of voting shares or other securities of Cascad in connection with any vote of holders of voting shares or other securities of Cascad;



- (c) offer or agree to enter into any acquisition or other business arrangement with or relating to Cascal of a nature similar to the Proposed Transaction or anything similar to it or any material part of it;
- (d) form, join or in any way participate in any group (within the meaning of Section J3(d)(3) of the United States Securities Exchange Act of 1934) or similar arrangement with respect to any securities of Cascal;
- (e) take any step which might give rise to any obligation under applicable laws, rules or regulations to make any sort of offer or tender for all or any part of the share capital of Cascal;
- (f) otherwise seek, alone or in concert with others, to control or influence the management, board of directors or policies or affairs of Cascal;
- (g) submit any proposal which because of its terms would be required to be made public by Cascal or the Seller, or announce any proposal for any purchase, offer, tender, merger, consolidation, share exchange, restructuring, recapitalisation or similar transaction which in any case involves securities of Cascal;
- (h) take any step intended to attract any of the officers or employees of the Seller Group to join or deal with it in connection with the Proposed Transaction or anything likely to achieve a similar purpose; or
- (i) enter into any agreement or arrangement (whether or not legally binding) with any person relating to or connected with any of the foregoing.

8. Market Abuse

- 8.1 It is acknowledged that the Seller and Cascal is passing, and Offerer is receiving, the Information in connection with the negotiation of the Proposed Transaction, for the purpose of facilitating negotiations regarding the Proposed Transaction.

- In accordance with the requirements of the Financial Services and Markets Act 2000 and the related Code of Market Conduct and the Dutch Financial Supervision Act (*Wet op het Financieel Toezicht*) and the related Market Abuse Decree (*Besluit Marktmisbruik WFT*), the
- 8.2 Offeror agrees that the Information is given in confidence in accordance with (he terms of this letter, and the Offeror will not base any behaviour in relation to any securities of Cascal or any other Relevant Investments, which would amount to “market abuse”, on any Information unless and until such Information is generally available without any breach of the terms of this letter.

9. Non-Solicitation of Employees

- 9.1 Without the prior written consent of the Seller, neither the Offeror nor any other member of the Offeror’ s Group will, for a period of 12 months from the date on which negotiations between us in respect of the Proposed Transaction cease, either directly or indirectly, alone or with others, solicit for employment or employ any person who is now employed by a member of the Seller Group or the Cascal Group and who is, in relation to that member’ s business, it senior or key employee and who is involved in the negotiations relating to the Proposed Transaction or is specifically identified in any part of the Information supplied by the Seller or Cascal or any of their Connected Persons.



9.2 The restrictions in subparagraph 9.1 shall not apply to the employment of any person following an unsolicited approach by that person at his own instigation or in response to an advertisement placed in the national, local or trade press or in response to an approach made by a headhunter without the person having first been identified to the headhunter by or on behalf of the Offeror or any other member of the Offeror's Group.

10. General

10.1 This letter shall be effective and shall stay in force for a period of three (3) years from the date of this letter unless earlier terminated by agreement or unless earlier expired in accordance with the terms of this letter. Upon the expiry or termination of this Agreement, the rights and obligations set out in this letter shall cease and no longer apply save for any rights and obligation already accrued.

10.2 Without affecting any other rights or remedies that members of the Seller Group or the Cascal Group may have, the Offeror acknowledges that the Seller Group, the Cascal Group or any of their members may be irreparably harmed by any breach of the terms of this letter and that damages alone may not necessarily be an adequate remedy. Accordingly, members of the Seller Group and the Cascal Group, as appropriate, shall be entitled to the remedies of injunction, specific performance and other equitable relief, or any combination of these remedies, for any threatened or actual breach of its terms, and no proof of special damages will be necessary to enforce this letter.

10.3 Subject to paragraph 10.1 above, the Offeror acknowledges and agrees that the obligations set out in this letter will survive termination of negotiations or discussions between the Offeror and the Seller, should the Proposed Transaction not be implemented. For the avoidance of doubt, and with the exception of any accrued rights or obligations, the rights and obligations of this letter will no longer apply in the event that an agreement implementing the Proposed Transaction is executed between the Offeror and the Seller or any member of the Seller's Group.

10.4 If any provision of this letter is held to be invalid or unenforceable, that provision shall (so far as it is invalid or unenforceable) be given no effect and shall be deemed not to be included in this letter, but without invalidating any of the remaining provisions.

10.5 The Offeror agrees to indemnify each relevant member of the Seller Group or the Cascal Group for any costs, claims, demands, liabilities and expenses of whatever nature that such member may incur arising directly out of a breach of the Offeror's obligations under this letter.

10.6 Any applications for consent from or notifications to the Seller in relation to this letter should be made in writing and addressed to Philip Wainwright, Group Finance Director, Biwater plc, Biwater House, Station Approach, Dorking, Surrey, RH4 1TZ.

10.7 No failure or delay in exercising any right, power or privilege under this letter will operate as a waiver of it, nor will any single or partial exercise of any right, power or privilege under this letter preclude any other or further exercise of it or of any other right, power or privilege under this letter or otherwise.

10.8 The terms of this letter may not be varied or terminated without the prior written consent of the Seller.



10.9 Any of the Seller's Connected Persons, including for the avoidance of doubt, Cascal and any member of Cascal's Group, may with the prior written consent of the Seller, enforce the terms of this letter against the Offeror under the Contracts (Rights of Third Parties) Act 1999.

10.10 Notwithstanding the provisions of sub-paragraph 10.8, no consent is required from any of the Seller's Connected Persons, save for Cascal, for any variation (including any release or compromise in whole or in part of any liability) or termination of this letter,

10.11 The Offeror confirms that it is acting in this matter as principal and not as an agent or broker for any other person.

This letter and the relationship between the parties and any non-contractual obligations arising out of or in connection with this letter or the relationship between the parties, shall be governed by, and construed in accordance with, English law. For the benefit of the Seller, 10.12 the Offeror submits to the non-exclusive jurisdiction of the English courts for all purposes relating to this letter and irrevocably appoints the person named below as its agent for service of process relating to any proceedings before the English courts in connection with this letter. Nothing in this letter shall limit any right to bring proceedings against the Offeror in any other jurisdiction.

10.13 The parties agree that the letter of confidentiality (as attached) entered into between the parties, dated 22 August 2008, is hereby terminated and shall have no further force or effect, save that the termination of such letter of confidentiality shall not affect any accrued rights or obligations of the parties, or of the Seller's Connected Persons (including, for the avoidance of doubt, Cascal and any member of Cascal's Group), arising out of or in connection with such letter of confidentiality or this letter.

Please confirm your agreement by signing and returning to us a copy of this letter.

Yours faithfully,

A handwritten signature in black ink, appearing to read "P. Wainwright".

By Philip Wainwright
for and on behalf of Biwater plc

Agreed and Accepted

A handwritten signature in black ink, appearing to read "Daniel Goh".

By Daniel Goh, Senior Vice President
for and on behalf of Sembcorp Industries Ltd

Dated 9 Nov 2009

Offeror's agent for service of process in UK:



Name: Sembcorp Utilities (UK) Limited, SCU(UK) Headquarters

Address: Wilton International
Middlesborough
TS90 8WS

Attention to: Company Secretary