



Anglian Water Services Financing Plc

(incorporated with limited liability in England and Wales under the United Kingdom Companies Act 1985, as amended from time to time, with registered number 4330322)

€10,000,000,000

Global Secured Medium Term Note Programme unconditionally and irrevocably guaranteed by, *inter alios*,

Anglian Water Services Limited

(incorporated with limited liability in England and Wales with registered number 2366656)

This Supplement (the "**Supplement**") to the prospectus dated 1 October 2010 (which comprises a base prospectus and the supplementary prospectus dated 26 November 2010 (the "**First Supplement**") (the prospectus dated 1 October 2010 and the First Supplement, together being the "**Prospectus**") constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the "**FSMA**") and is prepared in connection with the €10,000,000,000 Global Secured Medium Term Note Programme (the "**Programme**") established by Anglian Water Services Financing plc (the "**Issuer**").

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus. The purpose of this Supplement is to update the Prospectus to reflect certain amendments to the Master Definitions Agreement and the Common Terms Agreement made pursuant to a STID Proposal relating to such amendments and approved by the Majority Creditors on 8 December 2010.

The payment of all amounts owing in respect of the Bonds will be unconditionally and irrevocably guaranteed by Anglian Water Services Limited ("**Anglian Water**" or "**AWS**"), Anglian Water Services Holdings Limited ("**Anglian Water Services Holdings Ltd**" or "**AWS Holdings**") and Anglian Water Services Overseas Holdings Limited ("**Anglian Water Services Overseas Holdings Ltd**" or "**AWS Overseas Holdings**") as described in the Prospectus. Anglian Water, the Issuer, Anglian Water Services Holdings Ltd and Anglian Water Services Overseas Holdings Ltd are together referred to herein as the "**Obligors**".

Unless otherwise defined in this Supplement, terms defined in the Prospectus have the same meaning when used in this Supplement. Unless stated otherwise, page numbers referred to in this Supplement refer to pages in the Prospectus.

The Issuer and the other Obligors each accepts responsibility for the information contained in this Supplement. To the best of the knowledge of each of the Issuer and the other Obligors (as appropriate) (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Amendment of Chapter 17 (Index of Defined Terms):

By virtue of this Supplement, the definition of "Interest Rate Hedging Agreement" on page 281 shall be deleted in its entirety and be replaced by:

"**Interest Rate Hedging Agreement**" means a Treasury Transaction to swap interest or other rates, including any RPI Linked Hedging Agreement or any other Hedging Agreement specified as such in the relevant Accession Memorandum to the STID;"

By virtue of this Supplement, the definition of "RPI" on page 294 shall be deleted in its entirety and be replaced by:

“**RPI**” means the all-items retail prices index for the United Kingdom published by the Office for National Statistics (January 1987 = 100) or at any future date (except in the case of an RPI Linked Hedging Agreement), such other index of retail prices as may have then replaced it for the purposes of Ofwat's determination of price limits for water and sewerage services or (in the case of an RPI Linked Hedging Agreement) such other index of retail prices as specified in such RPI Linked Hedging Agreement;”.

By virtue of this Supplement, the following new definition shall be inserted after the definition of “RPI” on page 294:

“**RPI Linked Hedging Agreement**” means a Hedging Agreement with a Hedge Counterparty in respect of one or more Treasury Transactions to hedge payments to be made by the Issuer or, as the case may be, AWS by reference to RPI;”.

By virtue of this Supplement, the definition of “Treasury Transaction” on page 299 shall be deleted in its entirety and be replaced by:

“**Treasury Transaction**” means any currency or interest rate purchase, cap or collar agreement, forward rate agreement, interest rate agreement, interest rate or currency or future or option contract, foreign exchange or currency purchase or sale agreement, interest rate swap, index-linked swap, currency swap or combined similar agreement or any derivative transaction protecting against or benefiting from fluctuations in any rate, index or price;”.

Amendment of Chapter 7 (Financing Structure):

By virtue of this Supplement, paragraph 7.5.2 (xxiv) (Representations) shall be deleted in its entirety and be replaced by:

“(xxiv) Treasury Transactions not having been entered into other than the Hedging Agreements entered into in accordance with the Hedging Policy and AWS Derivative Transactions entered into by AWS in accordance with the AWS Derivative Policy;”.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

An investor should be aware of its rights arising pursuant to Section 87Q(4) of the FSMA.

If documents which are incorporated by reference to this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference or where this Supplement is specifically defined as including such information.

This Supplement has been approved by the United Kingdom Financial Services Authority (the “**FSA**”), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”) and relevant implementing measures in the United Kingdom, as a base prospectus supplement issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom.