



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 21 July 2017 (the “**Base Prospectus**”) which comprises a base prospectus and a supplementary prospectus dated 28 November 2017 (together with the Base Prospectus, 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 and any other supplements to the Prospectus issued by the Issuer. The purpose of this Supplement is to:

- (i) incorporate by reference the preliminary consolidated financial results of Anglian Water Services Limited (“**Anglian Water**”) for the year ended 31 March 2018. Anglian Water and the Issuer, being the persons responsible for the financial information included in the preliminary financial results, approve such financial information;
- (ii) update the Prospectus to reflect certain changes to the AWS Financing Group following the completion of a corporate reorganisation, pursuant to which Anglian Water Services Overseas Holdings Limited (a Cayman Islands incorporated company, “**AWSOH**”) was replaced by Anglian Water Services UK Parent Co Limited (an English incorporated company, “**AWSUKPC**”);
- (iii) supplement the Risk Factor on page 47 of the Prospectus entitled “*Certain Legal Considerations*” to include a description of the additional risks of the hardening period resulting from the creation of new security by AWSH and AWSUK in connection with the implementation of the corporate reorganisation described in paragraph (ii) above;
- (iv) update the Prospectus to reflect the repayment in full of the UK Holdco/Anglian Water Loan on 29 March 2018;
- (v) supplement Chapter 10.10 “*Regulation of the Water and Water Recycling Industry in England and Wales - Regulatory Developments*” of the Prospectus to reflect the publication of Ofwat’s consultations entitled “*Putting the sector back in Balance: Consultation on proposals for PR19 business plans*” and “*Change of control – general policy and its application to Thames Water*”;
- (vi) update the Prospectus to reflect a change by Moody’s and Standard & Poor’s to the outlook for the credit rating applicable to Anglian Water and the Issuer; and
- (vii) replace the paragraph entitled “*Pensions*” on page 131 of the Prospectus and include a description of the closure of all sections of the Pension Scheme (as defined below) to future accrual and member contributions, the introduction of a new defined contribution plan and plans to transfer funds from the defined contribution section of the Pension Scheme to the defined contribution section of the new Master Trust defined contribution Pension Plan (as defined below),

each as described further below.

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 each of Anglian Water, Anglian Water Services Holdings Limited (“**AWSH**”) and AWSUKPC (together with the Issuer, being the “**Obligors**”) 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.

(i) Preliminary Financial Results

On 5 June 2018, Anglian Water published its preliminary consolidated financial results for the year ended 31 March 2018. A copy of those financial results has been filed with the United Kingdom Financial Conduct Authority (the “**FCA**”) and, by virtue of this Supplement, those financial results are incorporated in, and form part of, the Prospectus. The consolidated financial results have been properly prepared on the basis stated and the basis of accounting is consistent with the accounting policies of the Issuer. Copies of all documents incorporated by reference in the Prospectus can be obtained from the website of Anglian Water at <http://www.anglianwater.co.uk> and from the Anglian Water headquarters at Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, United Kingdom PE29 6XU and from the specified offices of the Paying Agents for the time being, as described in the Prospectus. Please note, however, that the content of the website is not being incorporated by reference into the Prospectus by way of this Supplement.

(ii) Corporate Reorganisation - removal of AWSOH from the AWS Financing Group

On 31 May 2018, Anglian Water announced the completion of a corporate reorganisation which involved the replacement of AWSOH (a Cayman Islands incorporated company which was resident for tax purposes in the UK) with AWSUKPC (an English incorporated company which is resident for tax purposes in the UK) (the “**Corporate Reorganisation**”). AWSUKPC acceded to the STID and other Finance Documents as an Obligor such that it assumed the rights, covenants, undertakings, warranties and other obligations and liabilities of an Obligor thereunder and became part of the AWS Financing Group. AWSOH was released from its obligations and liabilities under the STID and other Finance Documents such that it is no longer an Obligor or part of the AWS Financing Group. The intention is that AWSOH will be placed into voluntary liquidation. Following the Corporate Reorganisation, and as at the date of this Supplement, the AWS Financing Group remains a four-companies group with the only change being the substitution of AWSOH by an English incorporated holding company, AWSUKPC.

As a result of the implementation and completion of the Corporate Reorganisation, certain amendments are required to the Prospectus:

- The second paragraph on page 1 of the Prospectus is deleted and replaced with the following:

“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 Limited**” or “**AWS Holdings**”) and Anglian Water Services UK Parent Co Limited (“**Anglian Water Services UK Parent Co Limited**” or “**AWS UK Parent Co**”) as described herein. Anglian Water, the Issuer, Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited are together referred to herein as the “**Obligors**”. Anglian Water Services Holdings Limited was incorporated in England and Wales under the Companies Act 1985 (as amended) as a limited company on 28 November 2001, whilst Anglian Water Services UK Parent Co Limited was incorporated in England and Wales under the Companies Act 2006 (as amended) as a limited company on 5 April 2018. Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited do not have any significant assets other than the shares in their respective subsidiaries.”

- Service of Process and Enforcement of Civil Liabilities

The first and second paragraphs of the section entitled “*Service of Process and Enforcement of Civil Liabilities*” on page 10 of the Prospectus are amended such that all references to “the Issuer, Anglian Water and Anglian Water Services Holdings Limited” shall be deleted and replaced with “the Obligors”. The third and fourth paragraphs of the section entitled “*Service of Process and Enforcement of Civil Liabilities*” are deleted.

- Presentation of Financial and other Information

The section entitled "*Presentation of Financial and other Information*" on page 11 of the Prospectus is amended by deleting paragraphs (iv) and (v).

- Summary

- Elements B.1, B.3 to B.18, B.21 and B.28 of the Summary are amended by deleting each reference to "Anglian Water Services Overseas Holdings Limited" and replacing it with "Anglian Water Services UK Parent Co Limited".
- Element B.2 of the Summary is amended by deleting the third paragraph and replacing it with the following:

Anglian Water Services UK Parent Co Limited was incorporated in England and Wales under the Companies Act 2006 (as amended) as a private limited company on 5 April 2018, with registered number 11294507.

- Risk Factors

The Risk Factor on page 48 of the Prospectus entitled "*Anglian Water's ability to grant security over its assets and the enforcement of such Security are restricted by its Licence and the WIA. As a result, the amount and nature of Security provided may not be sufficient to secure payment of amounts due and owing in respect of the Bonds*" is amended by supplementing the sixth paragraph of such Risk Factor by (i) adding the word "originally" after the word "executed" in each place it appears and (ii) adding the words "and acceded to by Anglian Water Services UK Parent Co Limited" after the phrases "and the Issuer" and "and Anglian Water Services Holdings Limited".

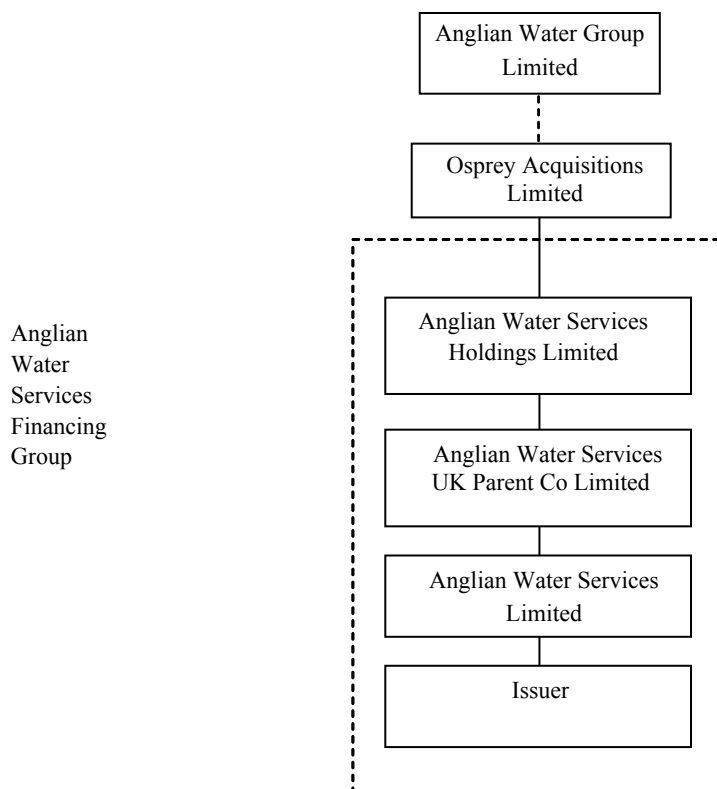
The Risk Factor on page 51 of the Prospectus entitled "*Anglian Water, the Issuer, Anglian Water Services Overseas Holdings Limited and Anglian Water Services Holdings Limited may in the future be considered to be eligible companies for the purposes of the Insolvency Act 2000 so their directors would be able to take steps to obtain a moratorium preventing a creditor enforcing security or taking proceedings to recover its debt*" is amended by replacing the reference to "Anglian Water Services Overseas Holdings Limited" with "Anglian Water Services UK Parent Co Limited".

- Documents Incorporated by Reference

The section entitled "*Documents Incorporated by Reference*" on page 66 of the Prospectus is amended by deleting paragraph (b)(iv) and by deleting the reference to "Anglian Water Services Overseas Holdings Limited" in the second paragraph.

- Information about the Programme

The paragraph entitled "*What is the relationship between the Issuer, the other Obligors and the Group?*" under the section entitled "*Information about the Programme*" on page 73 of the Prospectus is amended by (i) deleting the reference to "Anglian Water Services Overseas Holdings Limited" and replacing it with "Anglian Water Services UK Parent Co Limited" and (ii) deleting the diagram showing the ownership of the Anglian Water Services Financing Group and replacing it with the following:



- Chapter 1 (*Parties*)

The definition of “*Anglian Water Services Financing Group*” and “*Obligors*” is amended by deleting the reference to “*Anglian Water Services Overseas Holdings Limited*” and replacing it with “*Anglian Water Services UK Parent Co Limited*”.

The definition of “*Anglian Water Services Overseas Holdings Limited*” shall be deleted and replaced with the following:

“*Anglian Water Services UK Parent Co Limited*

Anglian Water Services UK Parent Co Limited, a company incorporated under the laws of England and Wales and a wholly-owned subsidiary of Anglian Water Services Holdings Limited.”

- Chapter 3 (*Management’s Discussion and Analysis of Financial Condition and Results of Operations*)

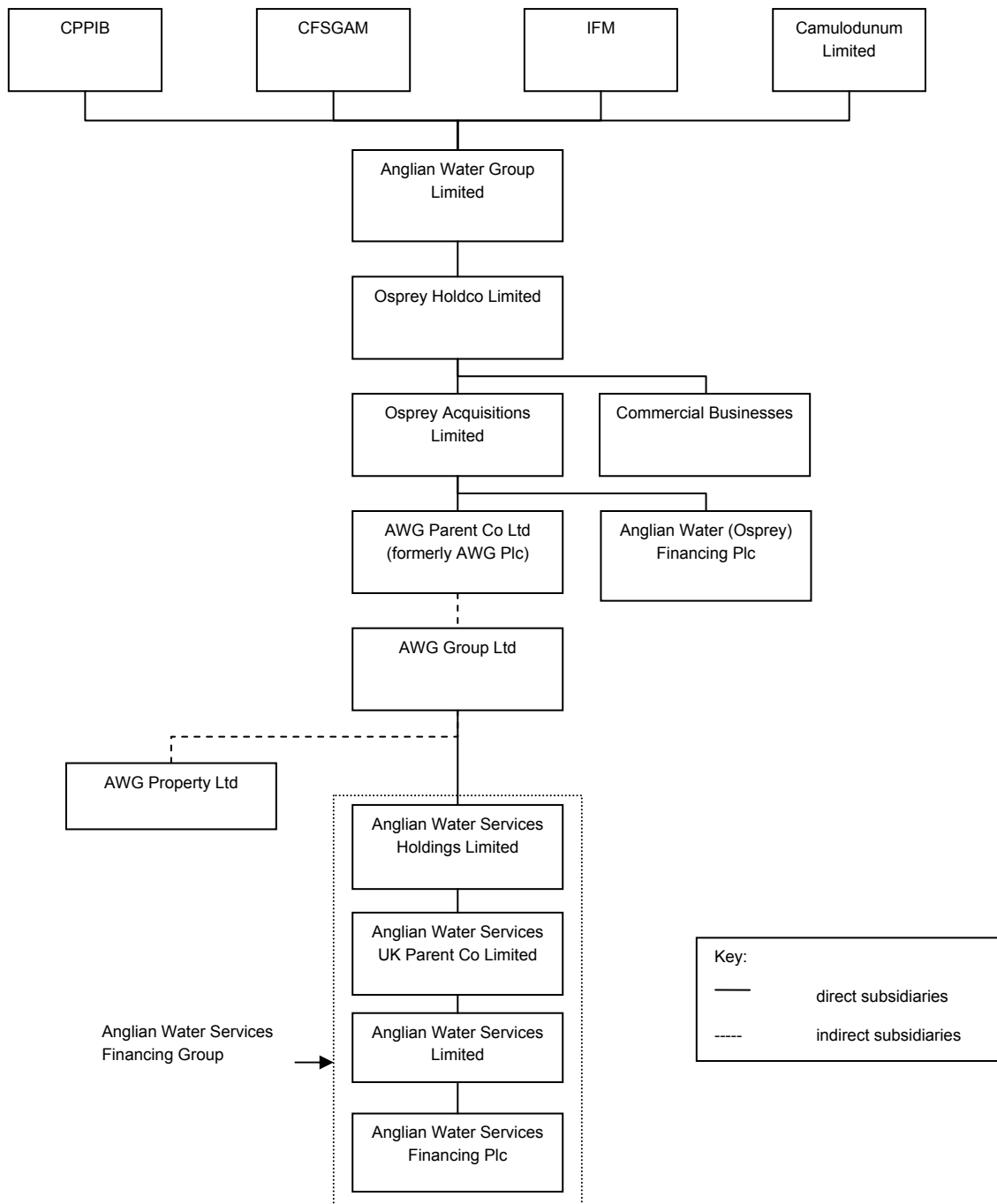
The first paragraph of chapter 3 (*Management’s Discussion and Analysis of Financial Condition and Results of Operations*) on page 96 of the Prospectus is amended by deleting the following sentence:

Special purpose financial information for Anglian Water Services Overseas Holdings Limited, which on account of its status as an exempted company incorporated with limited liability under the laws of the Cayman Islands cannot benefit from IFRS exemptions to allow reduced disclosure under FRS101, has been prepared for the year ended 31 March 2017.

The first paragraph of the section entitled “*Financial Condition*” on page 112 of the Prospectus is amended by deleting the phrase “(which include Anglian Water)” and replacing it with “(which, prior to the Permitted Reorganisation, included Anglian Water)”.

- Chapter 5 (*Ring-Fencing and the Anglian Water Services Financing Group*)

The diagram showing the ownership structure of the Anglian Water Services Financing Group on page 133 of the Prospectus is deleted and replaced with the following:



Chapter 5.1.3 (*Ring-Fencing and the Anglian Water Services Financing Group – Ring-Fencing – Corporate Structure*) on page 137 of the Prospectus is deleted and replaced with the following:

“The regulatory ring-fencing measures described above have been enhanced by the separation of Anglian Water from the other businesses of the Anglian Water Group through the interposition of two intermediate special purpose Holding Companies, Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited, each of which is incorporated in England and Wales. Anglian Water Services Holdings Limited is a wholly-owned subsidiary of AWG Group Ltd. The principal purpose of Anglian Water Services Holdings Limited is to hold all of the shares in Anglian Water Services UK Parent Co Limited and the principal purpose of Anglian Water Services UK Parent Co Limited is to hold all of the shares in Anglian Water.”

The paragraph entitled “*Directors of Anglian Water*” in Chapter 5.2.1 (*Ring-Fencing and the Anglian Water Services Financing Group - The Anglian Water Services Financing Group - Anglian Water Incorporation, Board of Directors and Corporate Governance*) on page 142 of the Prospectus is deleted and replaced with the following:

“Anglian Water operates under the overall direction of Anglian Water’s Board of Directors (the “**Board**”) which is responsible for policy and strategic matters. The Board currently consists of a non-executive chairman, four executive directors, four independent non-executive directors and three additional non-executive directors. All of the directors of Anglian Water, with the exception of the three additional non-executive directors, are also directors of the Issuer and Anglian Water Services Holdings Limited, and with the exception of two executive directors and the three additional non-executive directors, are also directors of Anglian Water Services UK Parent Co Limited.”

The paragraph entitled “*Corporate Governance*” in Chapter 5.2.1 (*Ring-Fencing and the Anglian Water Services Financing Group - The Anglian Water Services Financing Group - Anglian Water Incorporation, Board of Directors and Corporate Governance*) on page 147 of the Prospectus is amended by deleting the reference to “Anglian Water Overseas Holdings Limited” and replacing it with “Anglian Water Services UK Parent Co Limited”.

The paragraph entitled “*Anglian Water Services Overseas Holdings Limited*” in Chapter 5.2.1 (*Ring-Fencing and the Anglian Water Services Financing Group - The Anglian Water Services Financing Group - Anglian Water Incorporation, Board of Directors and Corporate Governance*) on page 150 of the Prospectus is deleted.

Chapter 5.2.3 (*Ring-Fencing and the Anglian Water Services Financing Group - The Anglian Water Services Financing Group - Anglian Water Services Holdings Limited*) on page 151 of the Prospectus is amended by deleting the reference to “Anglian Water Services Overseas Holdings Limited” and replacing it with “Anglian Water Services UK Parent Co Limited”.

Chapter 5.2 (*Ring-Fencing and the Anglian Water Services Financing Group - The Anglian Water Services Financing Group*) commencing on page 141 of the Prospectus is supplemented by, and shall be read together with, the following:

“5.2.4 Anglian Water Services UK Parent Co Limited

Anglian Water Services UK Parent Co Limited was incorporated in England and Wales under the Companies Act 2006 as a private limited company on 5 April 2018, with registered number 11294507. The registered office of Anglian Water Services UK Parent Co Limited is at Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU; its telephone number is 01480 323 000.

Anglian Water Services UK Parent Co Limited is a wholly-owned direct subsidiary of Anglian Water Services Holdings Limited and an indirect subsidiary of AWGL. Its issued share capital is £300,000,000 divided into 300,000,000 ordinary shares of £1 each, which have been issued to Anglian Water Services Holdings Limited and are fully paid-up.

Directors and Company Secretaries of Anglian Water Services UK Parent Co Limited

The directors of Anglian Water Services UK Parent Co Limited are Stephen Billingham, Peter Simpson, Scott Longhurst, Polly Courtice, Steve Good, John Hirst, Paul Whittaker, Natalie Ceeney, Jane Pilcher and Alex Plant and their principal activities are described in Chapter 5.2.1 “*Anglian*”

Water Incorporation, Board of Directors and Corporate Governance". The business address of the directors of Anglian Water Services UK Parent Co Limited is Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU.

There are no potential conflicts of interests between any duties to Anglian Water Services UK Parent Co Limited of its Directors and their private interests or duties.

The company secretary of Anglian Water Services UK Parent Co Limited is Claire Russell.

The Activities of Anglian Water Services UK Parent Co Limited

Anglian Water Services UK Parent Co Limited has no employees nor does it own any physical assets other than its shares in Anglian Water Services Limited. Administration and treasury functions are conducted on its behalf by Anglian Water.

The principal activity of Anglian Water Services UK Parent Co Limited is to hold the shares of Anglian Water Services Limited and to enter into documents incidental to the Programme. Anglian Water Services UK Parent Co Limited has no direct subsidiaries other than Anglian Water Services Limited.

Anglian Water Services UK Parent Co Limited is empowered under its articles of association to enter into the proposed transaction documents to which it is a party and its Directors have authority under Anglian Water Services UK Parent Co Limited's articles of association to exercise that power on its behalf.

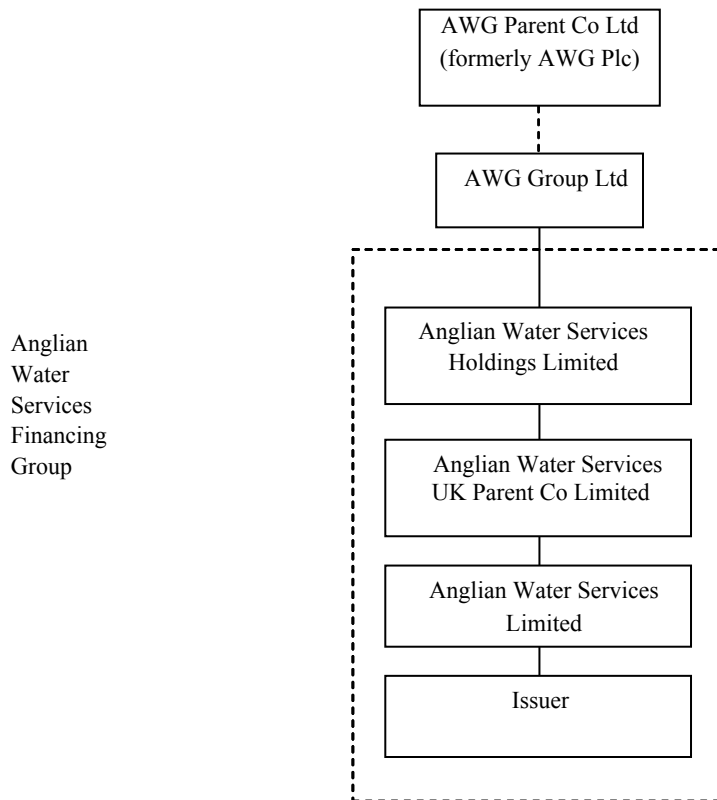
The activities of Anglian Water Services UK Parent Co Limited are restricted in the Common Terms Agreement. See Chapter 6.5.5, "*Financing Structure — Common Terms Agreement — Covenants — General*".

Anglian Water Services Holdings Limited appointed Deloitte LLP as its external auditor with effect from 14 June 2018."

- Chapter 6 (*Financing Structure*)

Chapter 6.1 (*Financing Structure - The Anglian Water Services Financing Group*) on page 153 of the Prospectus is amended by deleting each reference to "Anglian Water Services Overseas Holdings Limited" and "Anglian Water Services Overseas Holdings Limited's" and replacing it with "Anglian Water Services UK Parent Co Limited" and "Anglian Water Services UK Parent Co Limited's", respectively.

The diagram entitled "Ownership Structure of Anglian Water Services Financing Group" on page 154 of the Prospectus is deleted and replaced with the following:



Each reference to “Anglian Water Services Overseas Holdings Limited” in the following sections of Chapter 6 (*Financing Structure*) of the Prospectus is deleted and replaced with “Anglian Water Services UK Parent Co Limited”:

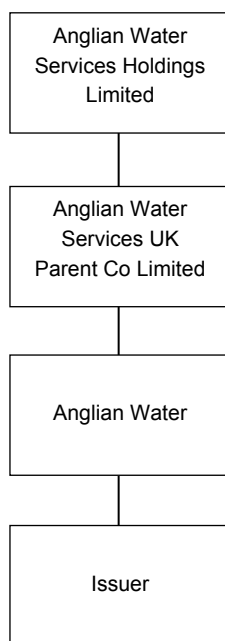
- section 6.3.13 (*Standstill*) on page 167;
- section 6.3.15 (*Enforcement*) on page 168;
- section 6.3.20 (*Reserved Matters*), paragraph (vii), on page 174;
- section 6.5.2 (*Representations*), paragraph (xvi), on page 182;
- section 6.5.5 (*Covenants - General*), paragraphs (ii), (iii), (iv) (p) and (u)(D)(d) on pages 191 to 197;
- section 6.6.1 (*Accounts*) on page 218; and
- section 6.7.1 (*Security*) on pages 228 and 229.

The last paragraph of Chapter 6.11.3 (*Financing Structure – Other Transaction Documents - Tax Deed of Covenant*) on page 246 of the Prospectus is supplemented by adding the words “or in respect of any disposal by an Obligor required in connection with the Permitted Reorganisation” after the phrase “under a Finance Document”.

The diagram showing the security provided by the Anglian Water Services Financing Group in favour of the Security Trustee on behalf of the Secured Creditors on page 230 of the Prospectus is deleted and replaced with the following:

SECURITY ^{1,2}

- Fixed and floating charge. Principal secured assets is its holding of shares in Anglian Water Services UK Parent Co Ltd
- Fixed and floating charge. Principal secured asset is its holding of shares in Anglian Water
- Fixed and floating charge over its property, assets and undertaking including assets listed under section 7.7.1(i), (ii) and (iii) above, all subject to the WIA and the Instrument of Appointment
- Fixed and floating charge



GUARANTEE

- Guarantees all obligations of Anglian Water Services UK Parent Co Ltd, Anglian Water and the Issuer under the Finance Documents
- Guarantees all obligations of Anglian Water Services Holdings Ltd, Anglian Water and the Issuer under the Finance Documents
- Guarantees all obligations of Anglian Water Services Holdings Ltd, Anglian Water Services UK Parent Co Ltd and the Issuer under the Finance Documents
- Guarantees all obligations of Anglian Water Services Holdings Ltd, Anglian Water Services UK Parent Co Ltd and AWS under the Finance Documents

Notes:

- (1) All security is granted to the Security Trustee as security trustee for the Secured Creditors.
- (2) Anglian Water Services Holdings Ltd, Anglian Water Services UK Parent Co Ltd, Anglian Water and the Issuer grant all security pursuant to the Security Agreement

Chapter 6.11.2 (*Financing Structure – Other Transaction Documents - Corporate Services Agreement*) on page 245 of the Prospectus is deleted.

- Chapter 7 (*Form of the Bonds*)

The Form of Final Terms (for denominations of at least €100,000 or its equivalent in any other currency as at the date of issue of the relevant Bonds) and the Form of Final Terms (*for denominations of less than €100,000 or its equivalent in any other currency as at the date of issue of the relevant Bonds*) shall each be updated by (i) deleting the reference to “Anglian Water Services Overseas Holdings Limited” in the response to paragraph 1 (i) “*Obligors*” and replacing it with “Anglian Water Services UK Parent Co Limited” and (ii) deleting the signature block for Anglian Water Services Overseas Holdings Limited and replacing it with one for Anglian Water Services UK Parent Co Limited.

- Chapter 8 (*Terms and Conditions of the Bonds*)

All references in Chapter 8 (*Terms and Conditions of the Bonds*) to “Anglian Water Services Overseas Holdings Limited” and “AWS Overseas Holdings” shall be deleted and replaced with “Anglian Water Services UK Parent Co Limited” and “AWS UK Parent Co” and any connected references shall be construed accordingly.

- Chapter 15 (*General Information*)

The second paragraph of Chapter 15.1 (*General Information - Authorisation*) on page 425 of the Prospectus is deleted and replaced with the following:

“The giving of the Guarantee by each of Anglian Water, Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited has been duly authorised by resolutions of the Board of Directors of each of Anglian Water, Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited, respectively, dated 25 June 2002, 10 June 2003 and 25 April 2018.

Paragraph (ii) of Chapter 15.3 (*General Information - Documents Available*) on page 425 of the Prospectus is amended by deleting the reference to the audited consolidated financial statements in respect of Anglian Water Services Overseas Holdings Limited for each of the two financial years ended 31 March 2016 and 31 March 2017.

Chapter 15.5 (*General Information - Significant or Material Change*) and Chapter 15.6 (*General Information - Litigation*) on pages 427 and 428 of the Prospectus are each amended by deleting the references to “each”, “either” and “or Anglian Water Services Overseas Holdings Limited”.

Chapter 15.7 (*General Information - Auditors*) on page 428 of the Prospectus is (i) amended by deleting the third and fifth paragraphs and (ii) supplemented by, and shall be read together with, the following:

“On 15 April 2018, Deloitte LLP of 2 New Street Square, London, EC4A 3BZ, registered to carry on audit work in the United Kingdom by the Institute of Chartered Accountants in England and Wales, was appointed auditor of Anglian Water Services UK Parent Co Limited.”

- Chapter 16 (*Index of Defined Terms*)
 - The definitions of “Anglian Water”, “AWS”, “Anglian Water Change of Control” on page 433 of the Prospectus are amended by deleting the reference to “Anglian Water Services Overseas Holdings Limited” and replacing it with “Anglian Water Services UK Parent Co Limited”.
 - The definition of “Anglian Water Services Overseas Holdings Limited” and “AWS Overseas Holdings” on page 433 of the Prospectus is amended by deleting the words “wholly-owned subsidiary of Anglian Water Services Holdings Limited” and replacing it with “company”.
 - The definition of “Permitted Acquisition” on page 461 of the Prospectus is amended to read as follows (additions shown in red underline):

“**Permitted Acquisition**” means any of the following carried out by Anglian Water:

 - (a) acquisitions (including Authorised Investments) made on arm’s length terms and in the ordinary course of trade;
 - (b) acquisitions of assets required to replace surplus, obsolete, worn-out, damaged or destroyed assets which in the reasonable opinion of AWS are required for the efficient operation of its Business or in accordance with the Finance Leases; or
 - (c) acquisition of assets (but not companies or Joint Ventures) made on arm’s length terms entered into for bona fide commercial purposes in furtherance of Anglian Water’s statutory and regulatory obligations,

but not an acquisition of a water business or interest therein (except (i) for inset business in the United Kingdom which is or will be included in RAV and which breaches neither the Instrument of Appointment nor the Act or (ii) with the prior consent of the Security Trustee and each Financial Guarantor or any acquisition by an Obligor required in connection with the Permitted Reorganisation).
 - The definition of “Permitted Disposal” on page 461 of the Prospectus is amended to read as follows (additions shown in red underline):

“**Permitted Disposal**” means any disposal made by Anglian Water which:

 - (a) is made in the ordinary course of trading of the disposing entity or in connection with an arm’s length transaction entered into for bona fide commercial purposes for the benefit of the Business;
 - (b) is of assets in exchange for other assets comparable or superior as to type, value and quality;
 - (c) is of Equipment pursuant to the Finance Leases;
 - (d) would not result in the Senior RAR, calculated for each Test Period by reference to the most recently occurring Calculation Date (adjusted on a pro-forma basis to take into account the proposed disposal), being more than or equal to 0.9:1;

- (e) is a disposal for cash on arm's length terms of any surplus or obsolete or worn-out assets which, in the reasonable opinion of AWS, are not required for the efficient operation of its Business and which does not cause a Trigger Event under Paragraph 1 of Schedule 6, Part 1 of the CTA;
- (f) is a Permitted Book Debt Disposal;
- (g) is a disposal of Protected Land (as that term is defined in the Act) in accordance with the terms of the Instrument of Appointment;
- (h) is a disposal or surrenders of tax losses which is a Permitted Tax Loss Transaction; or
- (i) is any other disposal which is in accordance with the Instrument of Appointment provided that the consideration (both cash and non-cash) received by Anglian Water (or which would be received by Anglian Water if such disposal was made on arm's length terms for full commercial value to an unconnected third party) in respect of any such disposal when aggregated with all other such disposals by it made in (y) the immediately preceding twelve month period does not exceed 2½ per cent. of RAV (or its equivalent) and (z) in the immediately preceding five year period does not exceed 10 per cent. of RAV (or its equivalent),

and any disposal by an Obligor required in connection with the Permitted Reorganisation, provided that in each case such disposal does not cause any of the Trigger Event Ratio Levels to be breached.

- The following definition of "Permitted Reorganisation" is inserted on page 466 of the Prospectus after the definition of "Permitted Non-Statutory Business Limits":

“**Permitted Reorganisation**” means Anglian Water Services UK Parent Co Limited becoming an Obligor and the immediate Holding Company of Anglian Water, and Anglian Water Overseas Holdco Limited ceasing to be an Obligor and the immediate Holding Company of Anglian Water, substantially by means of the transactions described in and carried out pursuant to the STID Proposal from AWS dated 29 March 2018.”

- The historical financial information in respect of Anglian Water Services Overseas Holdings Limited for the financial year ended 31 March 2017 appended to the Prospectus is deleted.

(iii) Supplement to Risk Factor in the Prospectus

The Risk Factor commencing on page 47 of the Prospectus entitled “*Certain Legal Considerations*” is supplemented by, and shall be read together with, the following:

“1.3.5 Additional Security

The creation of new security by Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited following the implementation of the Permitted Reorganisation resulted in the “hardening periods” under the Insolvency Act 1986 to start afresh in relation to such new security. There is a risk that such security may be challenged by an insolvency official in the event of either Anglian Water Services Holdings Limited or Anglian Water Services UK Parent Co Limited entering insolvency proceedings.

Pursuant to the Permitted Reorganisation, Anglian Water Services UK Parent Co Limited granted security over the shares of Anglian Water and Anglian Water Services Holdings Limited granted security over the shares of Anglian Water Services UK Parent Co Limited. The creation of this new security resulted in the “hardening periods” (under the Insolvency Act 1986) to start afresh. If a company enters a formal insolvency process, certain transactions (relating to transactions at an undervalue, the avoidance of preferences, the creation of certain floating charges, extortionate credit transactions and transactions defrauding creditors) entered into prior to the commencement of the insolvency process may be challenged under provisions of the Insolvency Act 1986. Generally, if the challenge is successful, the court will make an order as is appropriate to undo the effect of the transaction in question (for example, by ordering the return of assets to the insolvent company). It should be noted that, as part of the Permitted Reorganisation, Anglian Water Services UK Parent Co Limited delivered a solvency certificate to the Security Trustee, confirming its

solvency and furthermore, as Anglian Water Services UK Parent Co Limited is a newly incorporated company, its only material liabilities are those under the Finance Documents.”

(iv) Repayment of the UK Holdco/Anglian Water Loan

On 29 March 2018, the UK Holdco/Anglian Water Loan was repaid in full. Section 6.4.5 (*UK Holdco/Anglian Water Loan*) on page 180 of the Prospectus shall be deleted.

(v) Regulation of the Water and Water Recycling Industry in England and Wales

Paragraph 10 “*Regulatory Developments*” of Chapter 10 “*Regulation of the Water and Water Recycling Industry in England and Wales*” commencing on page 383 of the Prospectus is supplemented with the following updated information:

- Paragraph 10.10.3 “*Future Changes to Price Limit*” is supplemented by, and shall be read together with, the following:

“In April 2018, Ofwat published its consultation entitled “Putting the sector back in Balance: Consultation on proposals for PR19 business plans” (the “**PR19 Price Setting Consultation**”), setting out its proposals to make amendments to the methodology for the PR19 price setting process. As part of the PR19 Price Setting Consultation, Ofwat is consulting on a new proposal for PR19 to require companies to share financial outperformance from high gearing. The PR19 Price Setting Consultation is not legally binding and Ofwat is seeking the views and opinions of stakeholders on the proposals. The outcome of the PR19 Price Setting Consultation and any subsequent amendments to the PR19 methodology is currently unknown.”

- The following paragraphs shall be included:

“10.10.5 The Retail Exit Code Consultation

In March 2018, Ofwat released a consultation titled “*Retail Exit Code: Price protections beyond March 2020*” (the “**REC Consultation**”). The Retail Exit Code sets out requirements for price and non-price terms in the default tariffs offered to non-household water and sewerage customers in England that have not yet engaged with the recently opened retail market. The price requirements are linked to PR16 which is due to expire at the end of March 2020. Ofwat is now reviewing the responses to its consultation on the appropriate framework and methodology for retail price protection after March 2020 for which Ofwat identified four options going forwards: (i) removal of price protections; (ii) specifying only that prices must be reasonable and non-discriminatory; (iii) maintaining a control based on PR16, possibly with some adjustments; (iv) or setting up a price control based on a new underlying model. The REC Consultation is not legally binding and Ofwat is reviewing the responses it has received from stakeholders on the proposals. The outcome of the REC Consultation and any subsequent modifications to the Retail Exit Code are currently unknown.

10.10.6 The Change of Control Consultation

In May 2018, Ofwat released a consultation titled “*Change of control – general policy and its application to Thames Water*” (the “**Change of Control Consultation**”). The Change of Control Consultation relates to Ofwat’s approach to a change of control of a water and wastewater company and proposes a number of licence changes in respect of Thames Water. As part of its assessment of Thames Water, Ofwat highlights issues in relation to change of control that apply to companies across the water sector and considers the introduction of new licence conditions requiring notifications to and compliance with directions from Ofwat. The Change of Control Consultation is not legally binding and Ofwat is seeking the views and opinions of stakeholders on the proposals. The outcome of the Change of Control Consultation and any subsequent discussions on potential licence modifications is currently unknown.

10.10.7 Updated guidance on trading and procurement codes

In May 2018, Ofwat released updated guidance on trading and procurement codes titled “*Trading and procurement codes – guidance on requirements and principles*”. This guidance covers the requirements and principles that must be addressed in trading and procurement codes for water companies to claim water trading incentives for new trades. Ofwat has revised its guidance to reflect market developments and to provide greater clarity on the requirements for claiming incentives for new trades from 2020-2025. Ofwat has streamlined the approval process for new codes, which will now involve a four-week public consultation and, if

no comments are received, automatic approval. However, Ofwat is not updating existing codes to align with the final guidance until June 2020.

10.10.8 Licence fees for water companies and WSSL licences

In June 2018, Ofwat published an information notice setting out changes to how, when determining the level of licence fees, Ofwat will allocate relevant costs between companies holding appointments as water and/or sewerage undertakers (appointed water companies) and water supply and/or sewerage licensees (WSSL licensees). Appointed water companies and WSSL licensees are required to pay licence fees to Ofwat, the Consumer Council for Water and the Competition and Markets Authority. Ofwat is simplifying the licence fee structure by calculating the flat fee element of licence fees by licence, rather than by licence holder, for both the Consumer Council for Water's and Ofwat's costs."

(vi) Ratings Outlook Change

On 22 May 2018, Moody's revised the outlook applicable to the credit rating of Anglian Water and the Issuer from 'stable' to 'negative'. The negative outlook reflects Moody's expectation that a reduction in allowed returns from 2020 will weigh on Anglian Water's financial metrics and there is an increased risk of key ratios falling below Moody's guidance for current rating categories.

On 14 June 2018, Standard & Poor's revised the outlook applicable to the credit rating of the Class A Debt and Class B Debt issued by the Issuer from 'stable' to 'negative'. The negative outlook reflects Standard & Poor's expectation of the weaker financial headroom of Anglian Water in the current regulatory period. Standard & Poor's affirmed the 'A-' issue rating on the Class A Debt and the 'BBB' issue rating on the Class B Debt.

(vii) Pensions

On page 131 of the Prospectus, the section entitled "Pensions" is deleted and replaced with the following:

"From 1 April 2018 significant changes were made to the provision of pension benefits to employees in Anglian Water through the Anglian Water Group Pension Scheme (the "**Pension Scheme**"). All defined contribution and defined benefit sections of the Pension Scheme were closed to future accrual and additional member contributions. New defined contribution pension arrangements have been offered to all employees through an Anglian Water Group section of a Master Trust defined contribution pension plan (the "**Pension Plan**"). Anglian Water has proposed to the trustees of the Pension Scheme that the funds from the defined contribution section of the Pension Scheme are bulk transferred to the Pension Plan."

Information contained in this Supplement which is sourced from Ofwat has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by Ofwat, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has also identified the source(s) of such information.

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.

This Supplement has been approved by the FCA, 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.