



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 23 July 2018 (the “**Prospectus**”) (which comprises a base 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 amend the definition of Net Loss and Net Gain in relation to USPP Bonds to include accrued and unpaid interest, as further described 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 Services Limited, Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited (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) Methodology for determining Net Loss/Net Gain on USPP Bonds

The current methodology for determining Net Loss or Net Gain on USPP Bonds is to calculate, upon an early prepayment, the difference between (a) all payments and amounts received by the holder and (b) payments that the holder would have received under an equivalent dollar denominated USPP Bond purchase. This was the methodology recommended by the American College of Investment Counsel (“**ACIC**”). The ACIC has subsequently noted a technical error in this language as it omits accrued and unpaid interest on either side of the determination of Net Loss or Net Gain (one in U.S. dollar and the other in the foreign currency).

To include the omitted accrued and unpaid interest the following technical amendment is required (and recommended by the ACIC):

- the second paragraph of Condition 9(i)(iii) of the Prospectus (as set out on pages 339 to 340) should be deleted and replaced with the following:

“As used in this Condition 9(i) with respect to any Swapped Bond that is prepaid or accelerated: “**Net Loss**” means the amount, if any, by which the total of the Swapped Bond Called Notional Amount and the Swapped Bond Called Bond Accrued Interest Amount exceeds the sum of (x) the total of the Swapped Bond Called Principal and the Swapped Bond Called Accrued Interest Amount plus (or minus in the case of an amount paid)

(y) the Swap Breakage Amount received (or paid) by the holder of such Swapped Bond; and “**Net Gain**” means the amount, if any, by which the total of the Swapped Bond Called Notional Amount and the Swapped Bond Called Notional Accrued Interest Amount is exceeded by the sum of (x) the total of the Swapped Bond Called Principal and the Swapped Bond Called Accrued Interest Amount plus (or minus in the case of an amount paid) (y) the Swap Breakage Amount received (or paid) by such holder. For purposes of any determination of any “Net Loss” or “Net Gain,” the Swapped Bond Called Principal and the Swapped Bond Called Accrued Interest Amount shall be determined by the holder of the affected Swapped Bond reasonably and in good faith by converting Sterling into U.S. Dollars at the current Sterling/U.S. Dollar exchange rate, as determined as of 10:00 A.M. (New York City time) on the day such Swapped Bond is prepaid or accelerated as indicated on the applicable screen of Bloomberg Financial Markets and any such calculation shall be reported to the Issuer in reasonable detail and shall be binding on the Issuer absent demonstrable error.

“**Swapped Bond Called Accrued Interest Amount**” means, with respect to a Swapped Bond, the accrued interest of such Swapped Bond to the Swapped Bond Settlement Date that is to be prepaid or has become immediately due and payable, as the context requires.

“**Swapped Bond Called Notional Accrued Interest Amount**” means, with respect to any Swapped Bond Called Notional Amount, the payment due to the holder of the related Swapped Bond under the terms of the Swap Agreement to which such holder is a party attributable to and in exchange for the Swapped Bond Called Accrued Interest Amount.”

(ii) Settlement of USPP Bonds

The Terms and Conditions do not currently permit potential holders of USPP Bonds to pay the Issuer directly for such USPP Bonds.

To allow the Issuer to receive payments for USPP Bonds directly the following amendment is required:

- the first and second paragraph of Condition 9(i)(iv)(b) of the Prospectus (as set out on pages 341) should be deleted and replaced with the following:

“Each holder of the Relevant Definitive IAI Registered Bond shall, on or prior to the Funding Date, credit to the account of the Relevant Dealer or the Issuer (as applicable) payment in respect of the Bonds. The Relevant Dealer or the Issuer (as the case may be) shall notify each such holder of its account details prior to the Funding Date.

Where applicable, the Relevant Dealer shall by no later than 10.00 a.m. (London time), or any later time that has been agreed in writing by the parties (the “**Funding Deadline**”), on the Funding Date, credit to the account of the Issuer (as notified by the Issuer to the Relevant Dealer prior to the Documentation Closing Date) in the Specified Currency and in immediately available cleared funds an amount equal to the Aggregate Nominal Amount of the Bonds as specified in the applicable Final Terms.”

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 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.